

A USEFUL LOOK AHEAD FROM WASHINGTON

DECEMBER 1972

# Nation's Business

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FOUR MORE  
YEARS:  
WHAT WILL THEY  
BE LIKE?

A PLAN TO MAKE  
FEDERAL BUDGETING  
MAKE SENSE



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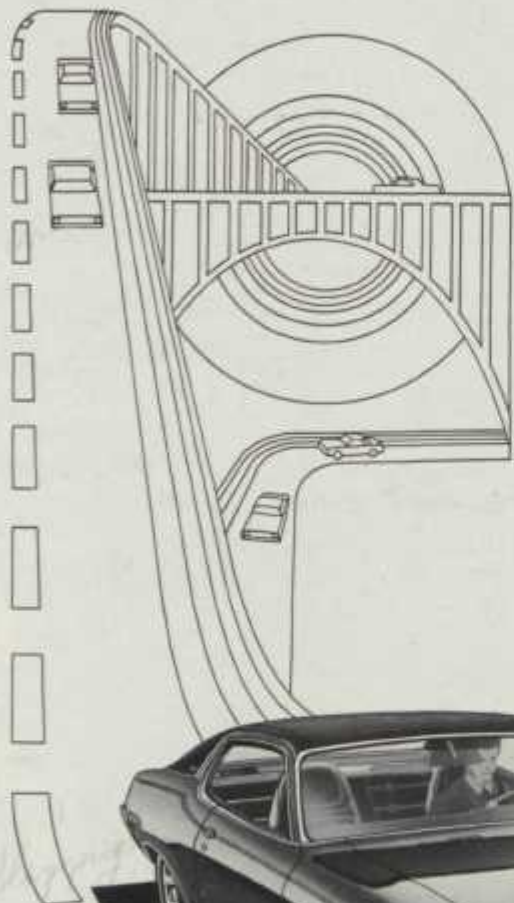
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# Nation's Business

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Cover photograph by Dennis Brack—Black Star

Nation's Business is published monthly at 1615 H Street N.W., Washington, D.C. 20006. Subscription rates: United States and possessions \$29.75 for three years; Canadian \$12 a year. Printed in U.S.A. Second class postage paid at Washington, D.C., and at additional mailing offices. © 1972 by Nation's Business—the Chamber of Commerce of the United States. All rights reserved. Nation's Business is available by subscription only. Postmaster: please send form 3579 to 1615 H Street N.W., Washington, D.C. 20006.  
Editorial Headquarters—1615 H Street N.W., Washington, D.C. 20006. Circulation Headquarters—1615 H Street N.W., Washington, D.C. 20006. Advertising Headquarters—711 Third Avenue, New York, N.Y. 10017. Atlanta: James M. Yandle, 62 Perimeter Center East; Chicago: Herbert F. Ohmeis Jr., 33 North Dearborn Street; Cleveland: Gerald A. Warren, 1046 Hanna Building; Detroit: Robert H. Gotshall, 825 Fisher Building; Houston: McKinley Rhodes Jr., 2990 Richmond Avenue; Philadelphia: Herman C. Sturm, 1034 Suburban Station Building; San Francisco: Hugh Reynolds, 605 Market Street; Los Angeles: Scott, Marshall & Sands, Inc., 1830 West Eighth Street.



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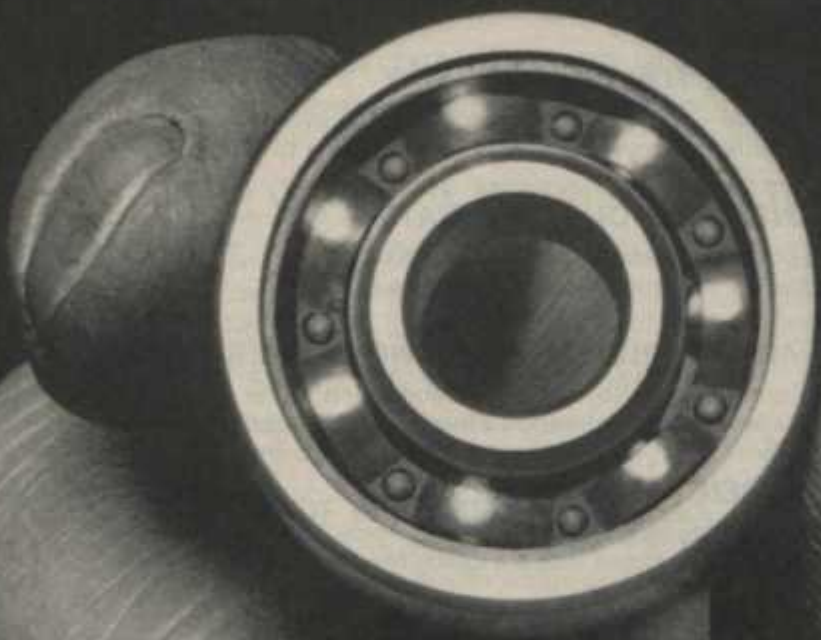
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**This dangerous piece of equipment  
should be covered by Boiler Insurance.**





An ordinary ball bearing isn't as harmless as it looks. Bearings freeze. And break. And the resulting chain of circumstances can be unpredictable, dangerous and expensive.

In the same sense, all machinery is dangerous. Yet a lot of plant equipment remains uninsured.

### **The problem: the buyer's doubts**

Some buyers tend to forget that "Boiler" means "Boiler and Machinery" insurance. So they buy a policy covering pressure vessels and let it go at that. Or, knowing that state laws make inspection of such items mandatory, they may feel that they don't have to be insured at all.

It's no secret that accidents covered by Boiler and Machinery insurance can be catastrophic. Why then, is it so peculiarly neglected?

Possibly because some executives think that other forms of insurance, such as Fire with Extended Coverage, are sufficient protection. And that buying Boiler and Machinery would be buying overlapping coverage.

Not so. No other form of insurance can protect you against many specific hazards. And as for overlapping, it can be minimized or even eliminated by exercising reasonable care in buying.

Another reason may be the policy itself. The subject matter is technical, and is expressed in technical language. So the buyer may conclude that it's a subject for the plant engineer rather than for the risk manager.

Again, not so. The coverage is vital. And you don't have to become an engineer to buy or understand it.

### **The goal: accident prevention**

Interestingly, as disastrous as boiler explosions can be, they don't happen frequently. The explanation is that the danger in boilers is so obvious that almost every state requires periodic inspection.

The dangers lurking in machinery aren't as obvious. And therefore tend to be ignored. If all machinery were inspected as boilers are, accident frequencies might drop dramatically.

When your equipment is covered by Boiler and Machinery insurance, at least you have a safeguard. It is clearly in the insurance company's interest to try to prevent accidents. So it maintains a staff of field engineering representatives trained to inspect equipment.

But there is no substitute for a program of thorough inspections, supervised by a plant's own safety department, in preventing accidents.

### **Save premium dollars with minimal pain**

Boiler and Machinery insurance is essential. But it needn't be expensive.

For instance, on three-year policies, the policyholder is entitled to a "gradation credit" on the amount of premium over \$3000. And with multiple locations, you can combine policies for a larger credit.

Some equipment is used only seasonally. Some is standby, for emergency use only. In either case, ask

whether you can get premium credits.

Perhaps some of your equipment shouldn't be covered at all. If your deductible is \$1000 you have little hope of recovery on losses involving items of equipment valued at less than that. You can effect savings by self-insuring them.

If you occupy multiple locations, ask for a "Blanket Limit of Liability", which extends your largest amount of coverage to each location.

### **But don't save on the coverage that counts**

Since most equipment contains hazards, the logical approach to coverage is to assume that whatever can happen, will.

A method of coverage which has become widespread is called the Blanket Group Plan. You just list categories instead of listing the specifically insured items. Premiums are based only on items covered, so you don't pay for something you don't need. And you're *automatically* covered for any new equipment, if it's at the named locations and in the insured categories.

Most important, include Business Interruption coverage. Accidents to equipment have a nasty way of interrupting production. You may or may not need refinements like "consequential" coverage, which protects you against such losses as spoilage or deterioration resulting from an accident. But Business Interruption coverage itself is so necessary that Boiler and Machinery insurance can hardly be completely effective without it.

### **Should you expect more than just claims payments?**

Unequivocally, yes. If a loss does occur, the staff of a knowledgeable insurance company can and should provide invaluable assistance. They're experts at knowing where to locate parts, replacements and services. And they have an obvious vested interest in getting you back into full production quickly. Especially when you have Business Interruption coverage.

But the most valuable service you should expect is help in preventing losses in the first place.

In short, you should expect the advantages of the knowledge and experience of a team of experts. And if you don't know who the experts are, ask your nearest Continental agent.

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# Memo From the Editor

Nation's Business • Published by the Chamber of Commerce of the United States • 1615 H Street N.W., Washington, D.C. 20006

By now, you are probably as fed up as we are with analyses that rehash every conceivable angle of the Presidential election. So we're concentrating, as usual, on looking ahead.

Our cover article—"Those Four More Years: What Will They Be Like?"—was several months in preparation. Our editors talked with government insiders at every level to get their best judgment on what will happen during the President's second term. You'll find that report on page 21, as well as a companion article about the next year in Congress on page 28.

There can be little doubt that we're on the verge of a new era in government, if President Nixon seizes his opportunity to change things (see editorial on page 76).

Equally important, we are also on the verge of a new era in international trade. In the next few years America must prove anew that Yankee traders are the best in the world, or become a second-rate power economically.

The Chamber of Commerce of the United States is keenly aware of the implications of this trade struggle for all of American business. A five-man team headed by Arch Booth, the National Chamber's Executive Vice President and our publisher, has been on a three-week mis-

*In Brussels (left to right): Arch Booth; Louis C. Boochever, of the U.S. Embassy; Sydney L. Jones, of the U.S. Mission to NATO; and Arthur A. Hartman, of the U.S. Mission to the European Communities.*



PHOTO: NEWS DEPARTMENT—U.S. CHAMBER

sion to 10 cities in seven European countries, discussing trade, investment and monetary problems with government and business leaders.

The mission had two chief purposes: The first was to develop closer working relationships with American Chambers of Commerce abroad (AmChams) and the national business organizations in those countries. The second was to gain firsthand information on the Common Market (the European Economic Community).

Actually, these purposes were closely related. The European business organizations are tied in closely with the Market. So it becomes important that we know their views.

The mission was especially timely in that three more nations will join the Common Market in January, making its population larger than ours and pushing its combined gross national product to about three fourths of ours.

"The European economy is very exciting and promising," Mr. Booth commented. "It is a mixture of opportunities and challenges—challenges that must be dealt with. Their economies are on the rise, all to our good. There will be lots of customers for us."

Congressional action is needed on two fronts to make America a better trading partner, Mr. Booth said.

Legislation must be passed next year to authorize U.S. government participation in broad trade negotiations. American business will be handicapped unless this is done.

It is also important that Congress reject legislation such as the Burke-Hartke bill—which would handicap U.S. companies in foreign competition—and other protectionist measures.

The National Chamber mission visited London, Paris, Frankfurt, Bonn, Brussels, Zurich, Geneva, Milan and Rome; in addition, Mr. Booth conferred in Madrid with representatives of 11 West European and Mediterranean countries.

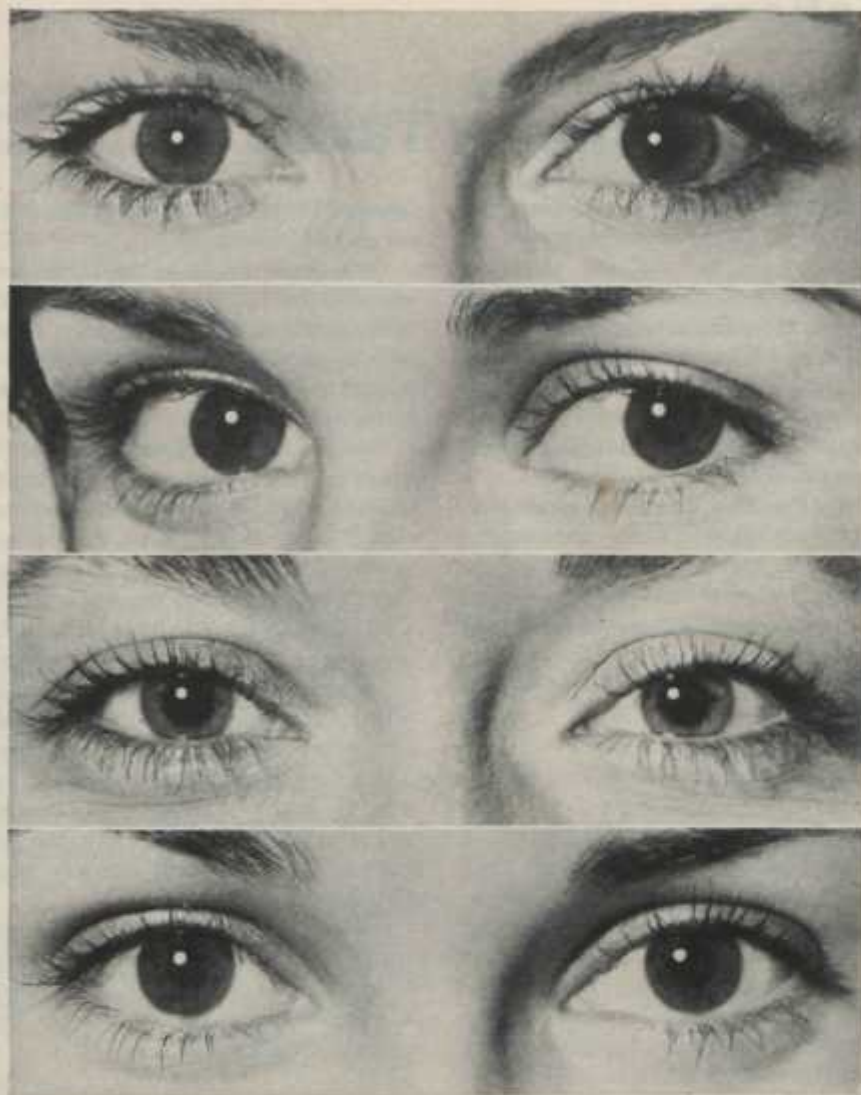
A report on the mission's findings has been requested by President Nixon. The report will also be presented to leaders of Congress and American business, with specific recommendations.

How does all this affect you? To oversimplify greatly, it means the difference between prosperity and problems. Everything we sell abroad creates jobs and profit here. That means people can buy more of your products or services.

And I'll bet you want to sell more.

*Jack W. Boardridge*





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## Letters

### Proper Property Taxes

• Re: "Is It Time to Reform the Property Tax?" [September].

As a member of the Advisory (Finance) Committee and an elected official (selectman) in the Town of Scituate, Mass., for a goodly number of years, I was so appalled at one of the contentions of Perry Prentice in this article that I felt I should express another point of view.

Mr. Prentice says: "Land is taxed so lightly that in-city landowners are under too little tax pressure to put it to good use and suburban landowners can afford to hold millions of acres . . . off the market until they can get tomorrow's prices today. . . ." And further: "It would be profitable for owners of all the vacant lots . . . now pre-empting so much valuable Milwaukee land to erect buildings that make better use of the sites."

I can only interpret these statements and others as suggesting that the best use of the land is the most intensive use. And Mr. Prentice suggests that property be taxed at the rate for its best use in order to force it on the market and compel the best use.

Let us try to run that to a logical conclusion. Instead of a small house, build high-rise apartments from lot line to lot line; but even better, build factories and office buildings. Perhaps an ultimate intensive use is illustrated by the building of a nuclear generating plant in the historic

town of Plymouth, Mass. Is this what we should strive for?

One does not have to be a conservationist to appreciate that much open space around one's own home and in general is a valuable asset—hence the move to the suburbs and farmlands.

Assessors from many communities confirm that taxation of large tracts of vacant land at best-use values would throw this land on the market at depressed prices and force division into small cheap parcels.

Areas with the cheapest and smallest lots have the least expensive houses. Such areas are more densely populated, and require more schools and other municipal services than areas with larger lots and more expensive houses. "The areas which cost a town the most," say the assessors, "are the most densely populated."

I can agree that there are inequities in the property tax—and other taxes—and that reform is needed. But forcing all land onto the market? God forbid!

J. RUSSELL HARPER  
Scituate, Mass.

• I strongly disagree with a high tax on land and a low tax on improvements.

What about people who are far-sighted enough to purchase home sites for use when they retire? Should they pay the bulk of the county and state taxes when they

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are not sending children to school from that land, and not using the fire department or police department?

Business property, rental dwellings, etc., should be completely separated from non-income property.

Then there should be no tax on non-income property. The revenue need it fills should be handled on an income-tax, local-sales-tax basis. This should make for a fairer tax system, with everyone paying the bulk of their taxes during their higher income years.

W. O. SHAFER  
Idaho Springs, Colo.

### A plug for Schmitz

• Re "Two Businessmen, Two Views" [October]. Since almost all the news and communications media decided to again ignore my candidate of the American Party, my fellow businessmen did not have the opportunity to vote for lower taxes, sensible tariffs, reduced federal government controls and the free enterprise system.

Couldn't you have seen it in your heart to offer at least one half page to a businessman voting for Congressman John Schmitz? After all, George Wallace, the man you ignored four years ago, received a substantial vote even though he was largely smeared or ignored by the magazines in 1968. I am sure you realize the voters in the Democratic primaries were in favor of the American Party principles at the time the Reds arranged for Wallace to be shot.

KENNETH E. MACPHERSON JR.  
President  
MacPherson & Co.  
Berea, Ohio

[Editor's Note: Mr. Schmitz was not regarded as a major candidate. NATION'S BUSINESS carried three lengthy articles on George Wallace in 1968 and published an interview with him—as well as interviews with other "Presidential possibles"—in November, 1971.]

### Zoning vs. no zoning

• In the "Three Cities Turn the Corner" article on Milwaukee [October] a comment was ascribed to me that inaccurately presents my views on the relationship between zoning and municipal growth.

I was quoted as saying: "I'd swap our tight zoning for no zoning in a

minute." The quote, however, should have read: "I would swap our tight zoning for Houston's form of no zoning in a minute."

I had been discussing the fact that Houston, Texas, is able to statutorily eliminate the emergence of competing municipal growth in a large area outside its present city limits—an advantage Milwaukee and other cities do not enjoy.

While I do not admire the present state of master planning and zoning, even in my own city, I do think some zoning is preferable to no zoning where a city does not possess Houston's unique ability to control its outlying growth. We must find a proper balance between protecting the individual property owner and remaining open to the dynamic forces of the marketplace.

KENNETH FRY  
Commissioner of City Development  
City of Milwaukee  
Milwaukee, Wis.

• Re your "Three Cities" article on Pennsylvania's Greater Pittston area [October]. Somebody goofed!

Yes, in 1969 Germany's Schott Optical Glass Corp. selected a new plant site, but in Duryea, Pa., not in Pittston. Duryea is a neighboring town. The citizens of the little old borough would probably string you up if you called them Pittstonians! They are proud of Duryea and of the fact that Schott has located there, as well as Topps Gum, largest gum manufacturing plant in the world.

How do I know Schott is in Duryea? My dad, John B. Salek, just happened to be mayor of Duryea when the plant site was selected in my home town!

O.K., the piece is good and I admire the courage of the people in the Greater Pittston area, but let's straighten out the facts a little.

MRS. JOHN C. DAVIS  
Jerdon, Texas

### A lashing sermon

• I write you as a salesman who has been calling on merchants of all kinds for 14 years and as one with the ability to observe a degeneration of business practices.

It is business itself that has lamentably made it necessary to form consumer complaint groups with their legal aids. I believe the entire situation has come about through unreliable, minor, company officials

being officious in protecting their superiors.

The key officials who have the say-so authority are protected to the point of not knowing the consumer's real plight. If they were really more aware of the scope of coldness, passiveness and inconsideration dealt letters of complaint, I just can't believe they would condone such practices.

Business is losing the ability to communicate, to retain goodwill and integrity. It needs a lashing sermon to bring it to the realization that its moral obligations are even greater than its business obligations if it expects to prevent its being wrecked by the forces of immorality.

I sell quality and integrity. I sell goodwill. I believe it is mature to respect the expressions of the immature. Doing one's "thing" successfully depends on integrity and respect for each other. No hedging! Anything less is creeping devastation. A business can only do its "thing" successfully on that premise.

ALFRED G. FARWELL

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## Executive Trends

BY JOHN COSTELLO  
Associate Editor

### The bah, humbug syndrome?

Businesses don't have it. They're playing the Santa Claus role to the hilt.

In 1970, only 61 per cent gave Christmas gifts, a Dartnell Corp. survey shows.

This year, the publishing firm reports, far more will.

"Take manufacturers," a spokesman says; "66 per cent now say they'll play good St. Nick."

"With service firms, it's 60 per cent. But others even outdo the manufacturers."

"For example, 79 per cent of wholesale firms will give Christmas gifts; retail firms, 72 per cent."

The Specialty Advertising Association senses the same trend.

"Last year," says President Robert C. Rollings, "many companies went on an austerity kick. This year, more are splurging."

However, he adds, there are signs "that fewer companies blow their wads at Christmas. More are spreading their spending over the whole year, especially on promotional items to keep reminding the customer that they're there."

Most gifts cost between \$5 and \$7, the Association finds. Usually they go to employees, as well as customers and good prospects.

But one of the Association's members, Brown and Bigelow, is doing well with big ticket items, too.

Like Norman Rockwell dinner plates depicting young love—\$60 for a set of four.

"We've sold more than 4,000 sets," says spokesman John Lee, "as well as a quarter-million dollars worth of a handsome, king-sized, leather-bound \$24.30 edition of 'The Graphic Story of the American Presidents.'"

The firm also offers a hand-crafted ship model of the *Rattlesnake*, a U.S.

privateer that sailed the high seas in 1781.

Price: \$2,200.

"We sold two to a Texas oil firm," Mr. Lee says, "and could have sold a bunch to an Eastern bank."

"But they wanted one for each division—and we couldn't mass produce 'em."

### Starting the year off right

Don't count on doing business in Britain this Dec. 26. That's Boxing Day—a national holiday.

Nor in Japan on May 3. That's Constitution Memorial Day there.

International holidays are among the useful items found in the "Executive Diary Set 1973," put out by Leviathan House in New York (\$14.50).

It also helps you keep track of your daily cash balance, monthly sales and new business contacts, as well as appointments. That's all in a small pocket diary. There's also a big desk edition for much more detailed entries: Profitability, capital usage, "decision trees"—in all, 21 key items of information.

Says Britain's C. Northcote Parkinson, Leviathan House chairman and discoverer of Parkinson's Law: "How people use their time—or waste it—is what the law's all about. These diaries help you beat it."

Or, get the year off to a good start.

### Do companies know how well they'll do?

Washington thinks they should.

For example, William J. Casey, chairman, Securities and Exchange Commission, has faith in forecasts.

He told the National Investor Relations Institute recently that SEC hopes to set up an early warning system based on them.

In an effort to protect investors, it will start naming firms headed for the shoals. How will you get on the SEC mortality list?

Whenever your auditor entertains "serious reservations" about your future survival. One example would be

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## Executive Trends *continued*

an auditor's refusal to sign a certified financial statement, an SEC spokesman says.

But not everyone shares SEC's confidence in forecasts.

NIRI asked its members, who are company officials concerned with investor relations: How accurate are earnings estimates?

Forty-eight out of 100 said they didn't think their companies could come within 10 per cent—even looking just one year ahead. Only two out of a hundred thought theirs could predict earnings "very precisely."

Then, NIRI polled its members on this proposition:

"Many kinds of business are of such an uncertain or variable nature as to make it very difficult, if not impossible, to forecast earnings with reasonable accuracy."

Eighty-two per cent said they agree.

## New guide to recruiters

It's a 58-page "Directory of Executive Recruiters," listing some 450 firms.

That's a lot, though not all.

As the publisher, *Consultants News*, of Fitzwilliam, N.H., says: "Turnover in this business is high; new firms are constantly being formed, partnerships dissolve, addresses change."

Hundreds of other firms, or individuals, CN adds, offer "executive search" services, but most are small or regional. "Still others," it says, "offer counseling or other services for which the individual must pay."

That's *verboten* under the code of ethics of the Association of Executive Recruiting Consultants, which says recruiters work for a company—and are paid by it. The new directory (\$5) replaces an April, 1971, edition.

It's most useful to firms that need

a skilled talent scout. However, it also can help an executive itching to move. Especially if he sends off a resumé that happens to match a recruiter's current assignment.

Recruiters will at least look at resúmes—but most don't file them.

## How to retire on \$1,111 a month

It's easy, says one expert.

Believe it or not, that's what you'll get from Social Security in A.D. 2002 if you're 35 now and have a long enough working life, he says.

To cash in, you must keep your nose to the grindstone until you're 65. And you must also earn enough to rate top benefits.

If or when your wife's 65, you'll get another \$555. That's more than \$1,600 for the two of you.

Hard to believe?

Well, it's all the result of this year's rewrite of our Social Security law. It put a built-in escalator into the law to cover future hikes in the cost of living.

"We assume these increases will average about 2.75 per cent a year," says Robert D. Paul, president, Martin E. Segal Co., Inc., New York pension consultants.

"And that wages and salaries will creep up about 5 per cent yearly."

But every silver lining has a cloud.

Your \$1,111 in benefits mean several things.

One, Uncle Sam will be taking bigger chunks from your pay.

"Soon," Mr. Paul says, "Social Security tax rates will be at least 6 per cent of the employee's pay."

"And they'll probably apply to salaries up to \$20,000 a year."

"So the executive in that bracket will be forking over at least \$1,200 a year in Social Security taxes."

Another drawback—a cheaper dollar. "That \$1,111 will be worth only about \$492 in today's dollars," Mr. Paul adds.

What's the moral for employers?

"Take a new look at your private pension plan," Mr. Paul counsels. "Especially if it's tied into Social Security."



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## Tourism: A Feather in the Crow's Hat

Emma Tillie Bird Hat and Hugh Little Owl have gone to Europe to drum up tourist trade for America.

They are part of a contingent of 16 Crow Indians who spent three weeks on the Continent last month encouraging Europeans to visit Indian reservations in this country.

Europeans are being offered package tours—two for seven days and one for 15—that include visits to the Crow, Blackfeet, Northern Cheyenne and Flathead reservations in Montana and the Wind River reservation in Wyoming.

Already, 600 West Germans have signed up for the first tour in 1973. German interest in the American Indian has been high for decades, thanks in part to a series of popular books by German author Karl May, who vividly portrayed the Plains tribesmen although he never visited the United States.

The Crows donned colorful regalia



Indian students' art is used on travel posters to encourage Europeans to visit reservations in America.

to entertain audiences in Europe. They staged the Indian pipe ceremony in which tobacco smoke is supposed to establish contact with the Great Spirit, and they depicted their early history in a series of interpretive dances.

In a sentimental highlight of their journey, they went to the tomb of French Field Marshal Ferdinand Foch. The World War I Allied leader, in his declining years, visited the Crow reservation, where Chief Plenty Coups conferred on him the Crows' highest honor by naming him "chief of all chiefs."

Louis R. Bruce, head of the U.S. Bureau of Indian Affairs, which helped finance the Indians' trip, comments:

"As far as I know this is the first successful effort to attract Europeans to the United States on the basis of its unique culture—the American Indians.

"These tours will bring dollars to the Indian reservations. They will bring money to the United States from abroad. They will help build goodwill. We are proud to be part of an effort that involves so many pluses." •

## Savings and Loans' Clubs Are a Hit

How would you like to join an exclusive club and at the same time enjoy what amounts to a juicy return on a \$5,000 investment?

State Mutual Savings and Loan Association of Los Angeles established a Statesman's Club five years ago to expand its savings accounts and reduce turnover of funds.

Now there are Statesman's Clubs in cities in a dozen states, and their number is growing steadily.

Anyone with an account of at least \$5,000 in one of 17 participating savings and loan associations can join. Reciprocal privileges are extended by each club. Available are such services as low-cost travel tours, discount car

rentals from the Hertz Corp., reduced rates at Hyatt Corp. hotels and motels, and free travelers' cheques.

And there's more. Participating S&L's all maintain Statesman's Club lounges on their premises. Visiting club members get free use of safety deposit boxes and notary public service, and private offices and conference rooms are available. Hostesses serve refreshments and there are centers for handling messages. Some clubs even sponsor social activities and financial seminars.

Far West Financial Corp., which owns State Mutual, created FWF Enterprises to license other S&L's to establish Statesman's Clubs. The goal is 50 clubs across the country.

Jack E. Rogers, general manager and vice president of FWF Enterprises, says one factor that should make the

club idea attractive to more S&L's is their fund withdrawal rates. The average rate for S&L's is 80 per cent—meaning depositors withdraw 80 cents for every dollar they put in. At State Mutual the rate is 11 per cent.

Additionally, the typical S&L has most of its customers within a two-mile radius of its office. At State Mutual, customers come from as far as 40 miles away.

"We know this idea has snob appeal," Mr. Rogers explains, "but it has a practical financial side as well.

"It certainly has advantages for the Statesman's Club member. A businessman who travels about once a month can save up to \$750 in a year by using club discount rates. That's the equivalent of a 10-to-15 per cent return on \$5,000." •

*continued on next page*



## Deafness Is No Barrier to These Employees

Georgia-Pacific Corp. encourages employees at its Portland, Oregon, headquarters to talk around the drinking fountain. If they talk in sign language, that is.

Learning sign language became a fad in the computer department after the company began hiring deaf workers and some of their colleagues tired of having to communicate with them by passing notes back and forth.

Georgia-Pacific has picked up the tab for four employees to take evening classes in sign language at Portland State University. Other workers are now interested and the company is willing to send them to school, too.

The idea of going to school originated with Mrs. Myrtle Klassen, a manager of keypunch operations who supervises the deaf workers. She and Miss Becky Davis, a lead operator, were planning to enroll at their own expense when Georgia-Pacific got wind of their plans and agreed to underwrite the tuition as part of a company-wide continuing education program for employees in various fields.

Two other women later completed sign language courses under the program.

Mastering the second language, Mrs. Klassen says, "speeds commu-



*"Right on," says deaf Georgia-Pacific employee Leslie Kerber (left). And Kikki Dwornicki, who was sent to school by the company to learn sign language, comes back with: "Thank you."*

nication with deaf employees and makes all of us more comfortable and able to enjoy each other's company."

The nonhandicapped users of sign language, who learned the signs for 565 words as well as the alphabet and numbers, have discovered that each deaf co-worker "speaks" with her own "accent." This is because of varying learning circumstances, and age and personality differences.

And, like those without hearing dif-

ficulties, the deaf continue to learn as new words and expressions appear.

The process is more difficult for some than others. Take the phrase "right on." The youngest deaf worker had no trouble picking it up. But a little time was needed to explain its nuances to one of the older deaf women.

Mrs. Klassen says the deaf have made excellent keypunch operators. They have an advantage over fellow workers—no noise fatigue. •

## A Lobbying Voice for U.S. Shareholders

A largely unorganized group—the nation's 32 million stockholders—now has a lobbying voice in Washington.

Stockholders of America, Inc., among other things, is working toward what it considers more realistic and fairer government regulations which affect prices, productivity and profits—the lifeblood of securities.

Founder and president of Stockholders is Mrs. Margaret Cox Sullivan, a long-time lobbyist and corporate representative in the nation's capital.

Her organization's main thrust at

this time is toward the lifting of federal voluntary controls on dividends, which are not supposed to rise more than 4 per cent. It argues that dividend payments, in a slump until recently, have contributed little to inflation and that shareholders should therefore not be penalized.

The organization does not offer investment counseling. It is solely designed to inform its members of issues at the federal level affecting their investments, and to lobby in their behalf.

"We feel it is the investors who provide the funding to finance the national economy either directly or indirectly," says Mrs. Sullivan. "It is

their monies . . . acquired from . . . sources already taxed which are invested . . . with the expectation of a return.

"With this in mind it is our position that the control of dividends at this time is not warranted. It has a stifling effect and may prove harmful to the atmosphere of confidence which is essential to the investment community."

Mrs. Sullivan invites shareholders to join her organization "to be informed, to restore confidence, to obtain a better balance between government and business and to create a sustained, sound economy and keep the dollar stable." •

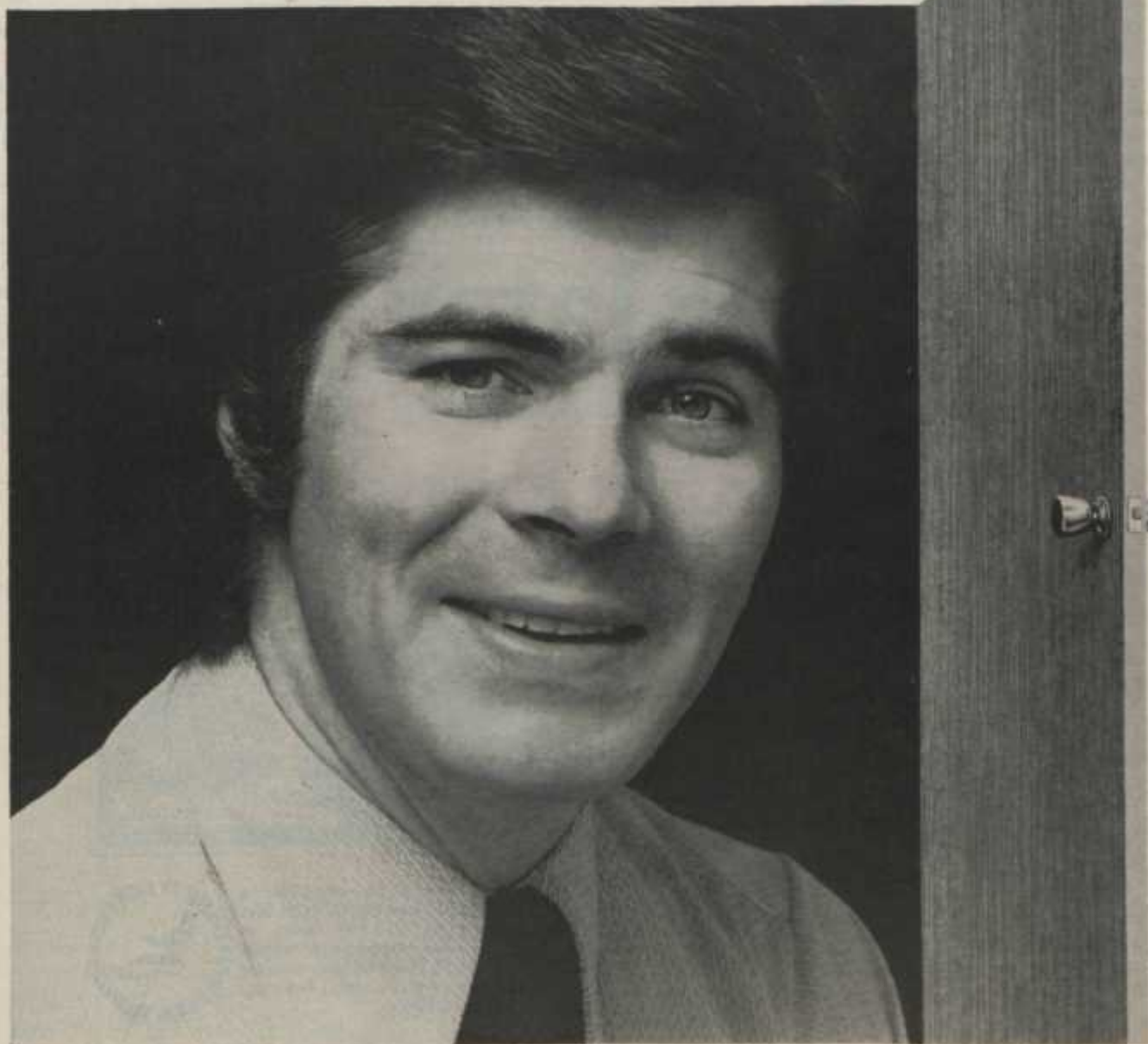




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## Take stock in America.

Join the Payroll Savings Plan.



## Sound Off to the Editor

### Is the Melting Pot on the Back Burner?

"Give me your tired, your poor, your huddled masses yearning to breathe free, the wretched refuse of your teeming shore," said the poem inscribed on a tablet at the base of the Statue of Liberty in 1903.

"Send these, the homeless, tempest-tost to me. . . ."

What would happen to them in the land of the Pilgrims' pride?

The proverbial "any schoolboy" of generations gone by knew the answer. They'd "become Americans."

Our famed melting pot would work its magic. Plop into it an Italian or an Irishman, a German or a Greek, a Pole or a Portuguese, and out would come a reasonable facsimile of a Mayflower passenger's descendant. If the melting process wasn't complete for a thick-accented father, it surely would be for his son or grandson.

The magic did work—on millions.

Hyphenated Americanism, it was widely assumed, would someday be-

come a thing of the past. And now?

"Delegates from more than a dozen states will gather in Dallas in what they hope will be the first step in the formation of a nationwide Mexican-American political arm . . . the Raza Unida Party," reported an Associated Press dispatch a few months ago.

In both the Republican and Democratic campaigning that climaxed Nov. 7 there was much concern with the "ethnics," and with the "black vote," the "Catholic vote" and the "Jewish vote." Each party had specialists working on such so-called voting blocs.

Sometimes, preoccupation of this sort has extended far beyond the political area. African garb is worn these days by Americans whose most recent African-born forebear died more than a century ago, for example, and there is much agitation for emphasizing blacks' history in schools which have heavy black enrollments.

All this is evidence that Americans now put less store in the idea of the melting pot, some observers argue.

Others, though, say the pot is working its magic just as in days of yore. They cite giant strides toward overcoming ethnic, racial or religious barriers in this country, and point out that countless citizens who supposedly are in those "blocs" really think—and vote—simply as Americans.

If the melting process doesn't seem as spectacular as it once did, they say, it's because there's comparatively little left to melt. Inevitably, they add, equal opportunity and such influences as television and Americans' mobility—one family in five, it's estimated, changes residence in any given year—will complete the process.

Anyway, some argue, the melting pot never was supposed to eliminate every single trace of disparity.

What do you think? Is the melting pot on the back burner?

Jack Wooldridge, Editor  
Nation's Business  
1615 H Street N.W.  
Washington, D.C. 20006

Is the melting pot on the back burner?

☐ Yes ☐ No

Comments:.....  
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Name and title.....  
(PLEASE PRINT)

Company.....

City.....



## Sound Off Response

# Finding Cold Comfort in the Thaw

While the Iron and Bamboo Curtains may have lifted a bit, offering tantalizing prospects of reduced hostility and increased trade, NATION'S BUSINESS readers overwhelmingly answer No to October's "Sound Off to the Editor" question, "Has the Cold War ended?"

By a 10 to one margin, those taking part in the survey indicate they don't think the Marxist leopards have really changed their spots.

"Anyone who thinks the Cold War has ended ought to have his head examined," says R.D. Haynes, vice president of the Spink County Bank, Redfield, S. Dak.

L.G. Wilson, president of Industrial Minerals, Inc., York, S.C., comments: "The Cold War will never end so long as one dedicated communist is alive."

Equally emphatic is H.P. Johnston Jr., owner of the H.P. Johnston insurance agency, Pittsburgh, Pa., who answers "Hell, no!" and adds: "What a ridiculous question! Of course it isn't over and won't be until one side or the other is annihilated, or is forced into a capitulation. We seem to be on the losing end of all this, at least at this point."

From Andalusia, Ala., E.E. Anthony Sr., board chairman of The Commercial Bank, warns: "As long as the communists are communists, I do not think we can depend on their word or their written agreement unless it suits them. At least, that has been the way they have handled every other promise and treaty since 1945. I agree that it is necessary to try to communicate with these countries, but in my judgment we cannot depend on anything they say or do."

Writes C.R. Petersen, president of the Worcester Brush Co., Worcester, Mass.: "Only the blind or subversive will tell you the Cold War is finished."

Ernest T.W. Coulter, an Avondale, Ariz., real estate man, says that it looks like there's been a change, "but I wouldn't trust any communist country any farther than I could throw an elephant by its tail."

While arguing that it's in the national interest to have more communication and trade with the communist countries, Jack Pennell, president of Jack Pennell Heating & Air Conditioning, Inc., Los Angeles, Calif., adds in similar vein: "We should continue to trust them as far as we can throw a 10-foot pole."

Among the readers saying the Cold War has ended is Robert H. Herrick, general manager of the St. Regis Paper Co.'s flexible packaging division in Seattle, Wash., who asserts: "Too many of us are as we were 25 years ago—afraid of 'the international communist conspiracy' and believing we should spend our nation's wealth, talents and manpower fighting the 'enemy.' Instead, we should be building bridges of understanding with other governments and sharing our resources with the less fortunate millions throughout the world."

Don K. Adams, a Montpelier, Ohio, veterinarian, says that "as our government's attitude changes the Cold War will change," adding: "I see it changing with President Nixon's relaxing of tensions."

Arguing that it takes "two to make a war—hot or cold," Alexander L. Leich, vice president of Charles Leich & Co., Evansville, Ind., concludes that the U.S. has been "as guilty of prolonging the Cold War as the communists. . . . We have made many mistakes and should recognize the fact."

Louis Fink, president of Midland Industries, Inc., Orlando, Fla., says a great "thrust" abroad toward a higher standard of living—"people everywhere want housing, clothing, TV sets, cars, etc., and consider war an obsolete game"—has worked against a continuation of the Cold War. He reports he witnessed the emergence of "the masses as people with individual needs and demands" during trips abroad this past year, and adds: "Communist nations must be feeling the same surge of their masses toward better living conditions." But he says the East-West struggle won't be over "if our coun-

try gets a fresh, strong 'fear stimulus' from the self-perpetuating 'defense' lobby."

Most NATION'S BUSINESS readers responding to the question, however, view the East-West thaw as inconclusive.

Says M.A. Horton, vice president of Central Texas Iron Works, Waco, Texas: "If you read the public statements of communist goals you can only conclude that the Cold War is still hot. Aid and trade with the enemy is treason."

Donald E. Noel, vice president of FEI Corp., Boaz, Ala., says: "My desire is peace in the world, but not at the expense of sacrificing our freedom. God help us if we fail to recognize and counter the arms buildup, and have to sit down and face the Russians at the negotiating table on their terms, as a second rate power."

William A. Stanmeyer, an Evanston, Ill., attorney, thinks the Cold War has "intensified, not ended." He explains: "Talk of 'polycentric communism' misses the point. We are not safer because we have two enemies rather than one. The Soviet military buildup—e.g., 1,600 ICBMs in six years, nine new subs per year, etc.—parallels Hitler's crash buildup program in the 1930s."

A number of readers give the same argument that Joseph Gottfried, president of ADEC Corp., Tuckahoe, N.Y., gives. He says: "As long as global domination remains an operative part of Marxist regimes the Cold War is its surface manifestation. When centers of subversion and propaganda disappear from Moscow and Peking government machineries, and their people are freely let out to see the world, then the Cold War will end—automatically."

Gary R. Mitchener, manager, Halstab Division, Hammond Lead Products, Hammond, Ind., thinks the Cold War isn't over completely, but he's optimistic nevertheless. "Barring any further political blunders," he says, "I believe history will show that the decade of the Seventies did bring an end to the Cold War. Such a war will not end suddenly."



However, Vernon Bohr, of Bohr's Corn Drying, Cresco, Ia., commenting on the wheat purchases by the Soviet government, says: "Wait until we have a poor crop; then they will feed us bullets."

Another comment on the wheat purchases comes from J.S. Kennedy, regional truck finance manager for Ford Motor Credit Co., Santa Ana, Calif.: "If the grain deal is an example, the U.S. is in for some hard knocks at the negotiation table."

R.T. Weir, owner of the Four Winds shops in Blanco, Texas, contends "the Cold War will continue until they beat us with U.S. food and dollars."

Many readers sound a warning about the U.S. becoming careless.

Says L.D. Edlen, market manager, wood products division, Boise Cascade Corp., Portland, Oregon: "It is my feeling that a new strategy is being employed and that we should welcome it. But we should be just as alert as ever to the fact that it is a Cold War strategy."

"Present relations are temporary," says Robert T. March, administrator with Alcan Aluminum Corp., Carteret, N.J., noting that "communists' necessity" has led to trade agreements and other East-West negotiations.

Agreeing is Dr. Earl K. Senff, of Channing Co., Inc., Frankfort, Ky., who says Soviet and Chinese objectives remain the same and "we should not be lulled into complacency by temporary deviations" from past attitudes.

"When it is to their advantage not to be friendly they will drop their new attitude like a hot potato," says Lyle W. Hughart, president of Hughart Buildings, Inc., Oswego, Ill.

W.H. Patton, assistant vice president of Capitol Savings & Loan Association, St. Johns, Mich., doesn't detect a "credible shred of evidence indicating the communists sincerely desire world peace."

Neither does Rogelio Lopez, of Miami, Fla. who points to subversive activities in Central and South America and ends with: "If all this ideas that I wrote in my poor English open the eyes of one only American citizen, is my bigger reward."



## Heart Attack?

The symptoms vary, but these are the usual warning signs of heart attack:

- Prolonged heavy pressure or squeezing pain in the center of the chest, behind the breastbone.
- Pain may spread to the shoulder, arm, neck or jaw.
- Pain or discomfort is often accompanied by sweating. Nausea, vomiting or shortness of breath may also occur.

### WHAT TO DO

1. Act at once. Call your doctor and describe your symptoms.
2. If a doctor is not available, get to a hospital emergency room immediately.
3. The responsibility to act is not only the patient's but the wife's, husband's, relative's or friends as well.

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# Canon® New PRINTERS

We've added a trio of printers to our MP 131L. To give you the right print-out electronic calculators to do the right job. With advancements and features that make Canon and quality synonymous with electronic calculators.

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# Those Four More Years: What Will They Be Like?

The second Nixon Administration, headed by a man "who wants a big chapter in the history books," should prove to be highly eventful

The Presidential plane Columbine II dived so noisily that inside the cabin Dwight Eisenhower and two of his top advisers could hardly hear what each other was saying.

What they had to say that day early in 1957, as the plane sped toward San Francisco from Los Angeles, was important, too. For they were setting the tone of the second Eisenhower Administration.

Gen. Eisenhower was the first President limited to two terms by the 22nd Amendment.

In what direction would he go, now that his movements were unhampered by considerations of reelection? Would he turn toward the liberals or the conservatives? Would he hug the middle of the road? Would he be more political or less so?

The direction evolved in that conversation aboard the Columbine II. Dwight Eisenhower, the career soldier, the national father figure who was reluctant to be a political leader, became more active politically in his second term. He also became somewhat more conservative.

Today, another President faces

*Handwritten: 1968*

*Handwritten: don't say 12-1-72*

PHOTO: FRIS WARDON





## Those Four More Years: *continued*

identical questions. Richard M. Nixon is a lame duck President after obliterating George McGovern, in the same sense that Dwight Eisenhower was after he defeated Adlai Stevenson for the second time.

In what direction will President Nixon turn?

Advisers to the President almost to a man believe he will hold to an innovative course in foreign affairs. As for domestic affairs, they say, his overall position will remain right of center—if anything, more to the right—although there will be occasions when he will break the hearts of archconservatives as he did in the past.

The President himself has publicly indicated his course will not be what is generally considered liberal. Government programs must allow people to do more for themselves, he said recently in an interview with *The Washington Star-News*, explaining:

"The average American is just like the child in the family. You give him some responsibility and he is going to amount to something. He is going to do something. On the other hand, if you make him completely dependent and pamper him and cater to him too much, you are going to make him soft, spoiled and eventually a very weak individual."

Mr. Nixon also said he would push for economy in government.

"This country has enough on its plate in the way of huge new spending programs, social programs, throwing dollars at problems," he said. "Reform, using money more effectively, will be the mark of this Administration."

The President said he hoped for a drastically reduced government payroll. "We can do the job with fewer people," he said.

Although Mr. Nixon maintained a less-political posture in the recent campaign than he has in other periods, indications are that he will spend much of his remaining time in the White House on political efforts to further his own beliefs.

"Nixon is the total political animal," said one of the top men on the Nixon team at the White House, in the Executive Departments and on Capitol Hill interviewed in the preparation of this article. "He wants to

*How*

## New Terms Have Made New Men Out of Past Presidents



Just as when he wagers on the outcome of the Rose Bowl game or the World Series, a citizen casting his ballot in an election is, in a sense, making a prediction based on past performance. He is assuming that the future actions of the candidate he supports will follow form.

This is true whether he is voting for local assemblyman or President, the difference being that in the case of the Presidency the stakes are a great deal higher.

It is one reason why incumbents are thought to have an advantage over challengers—they are known quantities and can be presumed to behave, if reelected, more or less as they did before.

Is this a reasonable assumption? Do our political leaders indeed perform consistently? The cynic will argue that they do not, and will remind us of the common wisdom that politicians' promises are made to be broken, party platforms to be ignored. On the other hand, if the analogy with sports is at all useful, it should be true that Presidents are more consistent performers than the nags in cheap claiming races.

But as Al Smith (himself an unsuccessful Presidential candidate) was wont to say: "Let's look at the record."

Seven of the pre-Nixon Presidents of this century returned to the White House after being elected to one Presidential term or succeeding a Chief Executive who died in office. Could an alert voter have been ex-

pected to predict what the second terms of Theodore Roosevelt, Wilson, Coolidge, Franklin Roosevelt (who also was elected to third and fourth terms), Truman, Eisenhower and Lyndon Johnson would be like?

Theodore Roosevelt had, for a man of his restless temperament, behaved between the assassination of McKinley in September, 1901, and his election in November, 1904, with enormous circumspection.

The most drastic law he asked Congress to pass in his first term was one creating a Department of Commerce and Labor. His most aggressive executive actions in the domestic arena involved pressing the great coal barons to negotiate with the striking United Mine Workers and ordering his Attorney General to bring suit under the Sherman Antitrust Act against a big railroad holding company. Both actions alarmed conservatives, but each, after all, left the decision in other, impartial hands—the mediators in the coal strike, the Supreme Court in the antitrust case.

In foreign policy, however, Roosevelt was extraordinarily belligerent during his first term. In 1902, when Germany was attempting to extend its influence in Venezuela, he practically threatened the Kaiser with war and made him back down. The next year, TR engineered a revolution in Panama, which was then part of Colombia, and installed what was little better than a puppet regime there in order to facilitate U.S. construction of the Panama Canal. He also obtained the Guantanamo naval base from a complaisant Cuba.

After the 1904 election, however, Roosevelt appeared to be almost a

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ILLUSTRATION  
HARVEY FRIEDMAN

different man. His foreign policy became more restrained, so much so that by the time he left office he had won a Nobel Peace Prize.

But on the domestic scene, he began to bombard Congress with requests. He asked for legislation to outlaw child labor, a tough law to regulate railroad rates, factory inspection and slum clearance measures, and pure food and drug legislation. To frustrate lumber and mining interests, he put 150 million acres of federal land into national parks and reserves. By 1908 he was calling for graduated income and inheritance taxes and direct government regulation of interstate corporations, and was denouncing big businessmen as "malefactors of great wealth."

When TR departed on an African hunting expedition after leaving the White House, J.P. Morgan, who had contributed \$150,000 to his 1904 campaign, was reputed to have said he hoped the first lion that Roosevelt encountered would "do his duty."

Woodrow Wilson also underwent a remarkable change in his second term. In 1912 he had proclaimed himself the herald of a New Freedom, a reformer who would attack monopoly and privileged wealth by restoring free competition rather than by extending government controls. He rammed through Congress a stronger antitrust law and a lower tariff on manufactured goods—measures designed to help small business and check the power of great corporate empires.

But in his second term the New Freedom philosophy went by the board. Wilson approved suspension of the antitrust laws, took over the

nation's railroads, and established a variety of new regulatory agencies—in general, vastly extending the federal government's power over economic and social affairs.

It is true that much of this change was unavoidable after the United States declared war on Germany in 1917. But Wilson had campaigned in 1916 behind the slogan: "He kept us out of war." Almost any voter in that election would have predicted that the candidate more likely to involve America in the European conflict was not Wilson but his Republican opponent, Charles Evans Hughes.

Calvin Coolidge did not change much after the 1924 election, but then, there was little to change—he did very little at any time. (Columnist Walter Lippmann once said that Coolidge had "a genius for inactivity.")

However, Franklin Roosevelt's performance after his reelection in 1936 was in the TR-Wilson pattern. He adopted policies that none of his followers could possibly have anticipated.

The most notorious of his switches involved his attempt to "pack" the Supreme Court, which he sprang on the country in February, 1937, three months after he swamped his Republican opponent, Alfred Landon. But there were many others. To cite a single example, in his first term, his NRA program had encouraged manufacturers to enter into industry-wide agreements to eliminate competition by controlling output and prices; in his second he unleashed an all-out assault on business combinations, managed by Thurman Arnold of the Antitrust Division.

On the other hand, Harry Truman,

who served all but four months of Franklin Roosevelt's fourth term, did relatively little after his surprise 1948 victory over Thomas E. Dewey that was inconsistent with his actions during his first White House term.

This was true also of Dwight Eisenhower during his second Administration, although in its later years he exercised a more direct control over foreign relations, and in making and executing policy relied less on the elaborate "chain-of-command" system of his Army career.

But Lyndon Johnson offers one of the most spectacular examples of the unpredictability of second-term Presidents. During the 1964 campaign he pictured himself as a restrained and peace-loving moderate, eager to limit the Viet Nam War. He described his opponent, Barry Goldwater, as a reckless, belligerent person who would escalate the conflict. Yet as everyone knows, soon after the election LBJ was sending American troops into battle by the tens of thousands, and bombing North Viet Nam relentlessly.

And so we see that Presidents often—but not always—behave very differently during their final terms. In retrospect, some of their inconsistencies seem reprehensible, but in other instances history has applauded their shifts in position.

Since conditions change so rapidly and in such unexpected ways in modern times, consistency as an end in itself is really not desirable. But good or bad, it certainly cannot be counted upon. For those who like to base their wagers on past performances, my advice is: Stick to the Kentucky Derby.

END



## Those Four More Years: *continued*

name his successor. He wants a big chapter in the history books. He's vain, but who in Washington isn't? Ike felt repudiated in 1960 when Kennedy beat Nixon, and Nixon will feel repudiated if his man, whoever he is, loses in 1976.

"All Presidents feel they need more than eight years to complete their programs. So, Nixon is going to try to firm up the new conservative coalition of old-line Republicans, once solidly Democratic Southerners who are now pretty solidly Republican in national elections, affluent blue collar workers who don't want their goodies given away by open handed liberals, and Catholics and Jews who have become disenchanted with the Democrats.

"Every 30 or 40 years the country changes political direction the way it did when Franklin Roosevelt turned us around, and now is the time to change again. Dick Nixon knows that the way to get into the history books is to be a course changer.

"The first Nixon Administration was more eventful than most four-year terms. The second will be eventful, too, because Nixon is an activist—he responds to challenges. A lot of things are lying around for him to do. And the biggest, perhaps the most historic, challenge is to realign the electorate."

President Nixon has said he intends making the first months of his second term—that period when Presidents so often, but so briefly, enjoy Congressional cooperation and the sense of euphoria in the land—a hyperactive time.

In addition, of course, to trying to complete the American extraction from Viet Nam, he is expected—during this period or soon afterward—to tackle:

- The possibility of making wage and price controls semivoluntary and applying them almost entirely to the biggest companies and unions.
- Putting welfare emphasis on jobs rather than handouts.
- Streamlining government to improve its efficiency and make it more acceptable to the people.
- Expanding the national health program through an insurance scheme which will disturb his party's right wing but also will head off a sweep-

ing program put forward by liberals.

- Improving the environment but not trampling business in the process.
- Bringing about tax reform which will include simplification and a broader minimum income tax.
- Producing a balanced budget in two years.
- Making cuts in the Model Cities and poverty programs, which the President instinctively dislikes because his memory goes back to his childhood when his father, a poor man, resisted government handouts.
- Stepping up the fight against drugs and crime.
- Entertaining Soviet Communist Party Chief Leonid Brezhnev (in the spring) and Chinese Premier Chou En-lai (later in the year), and getting in eye-catching trips himself to Japan and Europe.
- Launching semidirect talks between the Egyptians and Israelis, ostensibly over reopening the Suez Canal, but actually over peace in the Middle East.
- Heading off protectionist sentiment both in the United States and in the newly expanded, invigorated European Common Market.
- Arranging international monetary affairs so that pressure on the dollar will be reduced—hopefully permanently.
- Increasing exports, decreasing imports.

In the words of a Nixon associate, getting some of these things accom-

plished will be "like walking through a vat of acid. But Nixon will succeed because he is a fighter and he will have a more cooperative 93rd Congress than the 92nd was. Time is against the liberals. We've run the rascals in the ditch."

At some point fairly early in the second term, it is probable that John Connally will be named Secretary of State, succeeding William Rogers—who is expected to return to private life and eventually wind up on the Supreme Court. If not Mr. Connally, then Gov. Nelson Rockefeller.

An extremely close associate of the President said a month before the election that Mr. Connally would "take eight or 10 tough guys to State and let a lot of heads roll to show he's boss and to get that stodgy old place operating again."

The associate expressed the opinion that Henry Kissinger will voluntarily leave the President's service fairly soon.

Mr. Nixon is expected to concentrate much of his second term energy on foreign affairs.

Odds are overwhelming that China and the United States will extend formal diplomatic recognition to each other during the first two years of the new Administration; that President Nixon's yearning for accord with the Soviets on restriction of strategic weapons will send U.S. negotiating teams abroad with instructions to give as little ground as necessary but





to reach agreements; that more than a token number of American troops will be withdrawn from Europe in an effort to have Europeans shoulder more of their own defense and the American taxpayer less of it.

Secretary George Shultz is expected to remain at Treasury and Caspar Weinberger to continue as head of the Office of Management and Budget. Messrs. Shultz, Connally and Kissinger have become the President's most trusted advisers. Many times, during 1971 and 1972, he would express pleasure to intimates about having the agreement of all three on various problems. Another highly regarded money man, Charles Walker, will stay on as Treasury under secretary for a year or so.

There will be an effort to put younger men and women in assistant and under secretaryships in all the Departments.

Frederic V. Malek, executive assistant to the President, has names ready. For months he worked with people and computers compiling lists of the most effective third- and fourth-rankers in government and of shining lights in industry.

"Nixon is a tough one," an adviser says. "He's capable of making sweeping changes when he feels that they are needed and that new energy and capabilities can be brought in. If someone gets stepped on—too bad."

This is why the President bluntly told all political appointees within the Administration to submit their resignations before the second term. He'll decide which men—and which positions—he'll keep, not only to give him a fresher team but as a step in his overall drive for government economy.

The Administration realized, another high government official says, "that the people have had a bellyful of big-spending social programs that don't produce results. So the President will send to Congress legislation for a simplified and equitable tax system and a series of sensible spending proposals. He won't ask for a tax increase at least during the first year of the new term."

"The new proposals will aim at overall economic improvement and have incentives for investment rather than for consumption.

"Giveaways will be drastically reduced.

"One subject dealt with will be double taxation of corporate earnings through income tax and tax on dividends. The proposal might be to allow more credit for dividend income in view of corporate taxes already paid, or it might be something else."

The value-added tax is no longer looked upon with favor by the White House because it raises so much money. The President is known to fear bequeathing VAT to a successor four years from now who might be a big spender. Each percentage point of a value-added tax rate, it is believed, would raise \$6 billion.

This summer, the armed services will become all-volunteer, and the military will be changing in other significant ways in the years ahead.

Military experts say that in the future the Navy will provide the nation's primary strategic deterrent. President Nixon will likely build up the sub force to 89 nuclear vessels and continue to modernize surface fleets. However, the overall number of naval vessels—already down from 900 to 600 during the first Nixon Administration—may not rise.

The number of men and women under arms—2.4 million—may remain the same but the number of missiles and planes will decrease. Even with a whopping defense budget of \$76.7 billion for fiscal '73, there won't be enough money to do all that the military wants to do.

The next Secretary of Defense (Melvin Laird is definitely leaving) will close dozens of bases in a cost-cutting program—about \$1 billion a year can be saved, some Administration sources say. If Congressmen complain about losing bases in their districts, the Administration will point to Congressional cries for economy in military spending.

#### **Antitrust changes?**

The second Nixon Administration may bring about vast changes in treatment of American companies trading abroad, in an effort to improve their competitive position in relation to foreign firms which have been allowed to form cartels and given all sorts of assistance by their governments.

Nothing is definite yet, but some of these steps are probable:

Justice Department antitrust policy may be changed so that American firms will be encouraged to compete less among themselves abroad and more against foreign companies; federal subsidies will go to companies in foreign trade; there will be more long-range, government-sponsored planning in the foreign trade field.

Whether Richard Kleindienst stays on as Attorney General remains to be seen, but one thing is certain—Justice will ask Congress to require stiff mandatory sentences for heroin pushers. The President himself tipped the move in October when he said: "We will stay on the offensive until we put every category of crime on a downward trend in every American community. The dangerous trend of light or suspended sentences meted out to convicted pushers by permissive judges must end."

It is possible that President Nixon, who appointed four Justices to the Supreme Court during his first term, will be able to appoint as many as three more during the second. William O. Douglas is 74 and has such serious heart trouble that he uses a pacemaker. William J. Brennan Jr. is 66 and Thurgood Marshall is 64 and in poor health. All three are liberals.

As indicated earlier, Secretary of State Rogers—who was Attorney General under President Eisenhower—is considered a leading possibility for the first court opening. Whom-ever the President names, he is expected to be in the mold of those appointed in the first Nixon term.

Only a few weeks ago, Mr. Nixon promised "to continue to apply the criteria of strict constructionism and regard for the public safety in making appointments to the Supreme Court and other federal courts."

President Nixon and Soviet leader Brezhnev opened the door to vast increases in Soviet-American trade last spring and since then the agreements have been signed, which could create a huge flow in trade, investments and loans between the two superpowers.

That's the big item at the Commerce Department as the second Administration begins. Many other important things are going on under



## Those Four More Years: What Will They Be Like? *continued*

Peter G. Peterson, who is perhaps the most active Secretary of Commerce since World War II and is expected to remain in the Cabinet.

The government owns 20,000 patents and Commerce is seeking ways to spread their benefits among American companies. During the next six or eight months a decision is likely on whether to sell patents outright, give some away or allow individuals and firms to use them for a price.

As a boost to small companies, the Department is considering asking for a relaxation of antitrust laws so that groups of small companies can join forces, get some of the patents and expand their businesses.

With industry and the environmentalists butting heads over what to do about dwindling energy sources, Commerce increasingly will be called upon to referee.

Meantime, Commerce will campaign for standardization of building codes in various states. This could be of great benefit to many businesses.

There is considerable admiration at Commerce for building codes which emphasize what results are required rather than specifying what types of materials must be used. Removing requirements for certain materials could open the way for introduction of new ones. This in turn would offer opportunities for new firms to manufacture materials.

Commerce is increasingly involving itself with foreign trade problems. One is the growing practice of Common Market countries to specify standards for various kinds of equipment and processes which only European manufacturers can readily meet. In the hope of stopping the practice, Commerce is pushing an international voluntary standards program here and abroad in which U.S. companies will have a say.

Early in the new Administration, Commerce and its friends in Congress will resume the push for the United States to "go metric." There is little doubt at Commerce that within a year the country will be launched on a schedule which will achieve complete metrication within a decade.

Another effort: Studying the technological assets of various industries, to find what new technology Ameri-

can companies need to compete in world trade.

Both the Commerce and Labor Departments will be pushing for productivity bargaining in future labor union negotiations. Both feel the time has come for major progress, because some unions have finally come to realize that higher productivity is an answer to domestic inflation and to the balance of payments problem.

The idea, simply stated, is to get companies and unions to trade off—unions to stop insisting on unreasonable and expensive work rules and to produce more, and companies to provide better working conditions and benefits in return. Already, some railway and steel unions have recognized the need for increased productivity in return for larger payments to retirement funds and better working conditions.

### Getting along with Meany

Labor Secretary James Hodgson will probably be replaced, since he and AFL-CIO Chief George Meany do not get along.

Otherwise, the Administration is getting along very well with Mr. Meany, whose political "neutrality" probably helped Mr. Nixon at the polls. This feeling of goodwill, and a growing sense of cooperation between unions and business, will be needed because 1973 will see an unusually large number of contract negotiations. To name a few, they will involve airlines, auto makers, rubber companies, electrical machinery manufacturers, railroads and truckers.

The Labor Department also expects, during the second Nixon Administration, to be dealing with the problems of how to:

- Help companies and workers who are displaced by imports.
- Cope with people who want less, not more, economic growth.
- Prepare for the time in about four years when the full effects of the dropping birth rate will be felt throughout the economy.
- Improve lagging manpower, retraining and relocating programs and get more for the billions spent on them.
- Keep minorities and women flowing into the work force.
- "Reprivatize"—return to private

business many functions usurped by government in the past 40 years.

- Increase arbitration between companies and unions so that work can go forward while particularly thorny contract problems are hammered out or while third parties are looking over contract proposals.

The Department of Transportation will likely be under a new Secretary; John Volpe is not expected to remain.

In the new term the Department will be heavily involved in railroad, mass transit and highway problems. Where railroads are concerned, such things as these must be decided:

- How to abandon—without raising violent community resentment—40,000 miles of track which on average are used only once a week by one freight car.
- How to give the railroads more flexibility in rate making, and help them simplify archaic and intricate rate structures.
- How to ease the tax burden on railroads which often pay the highest property rates in various communities.

The Surface Transportation Act will be presented to Congress again by the new Administration in hopes of improving financial backing for the railroads to modernize.

Meanwhile, the Transportation Department hopes to expand the use of special lanes for transit buses to speed traffic.

The need for rail rapid transit for cities with one million people or more is freely acknowledged at the Department, while bus operations are considered sufficient for smaller cities. To increase the number of cities laying rail transit lines, the federal government probably will pay 70 per cent of costs with local communities paying 30 per cent.

To hold down soaring transit system costs, DOT is leading the way in standardizing transit equipment of all kinds. Every subway system in the country now uses different-sized cars and different electronic equipment, for example. This is costly to cities operating lines and to companies manufacturing equipment.

The Department of Health, Education and Welfare, which may remain under the direction of Elliot L.



Richardson for the time being at least, has a full plate for the second Nixon Administration.

One big problem is how to shut off funds for projects which obviously are failures. As one official puts it: "The federal government well knows how to appropriate millions for projects but it has never yet learned how to cut off funds. We should use a shorter money hose, slow down the flow and either sprinkle another part of the garden or eventually shut off the flow altogether."

Another big problem is to devise an efficient system for delivering federal money to local communities and organizations in proper amounts. Heretofore there has been little evaluation of problems and progress.

There is a realization at HEW that the federal government does not know how to do many things that may need doing, and there will likely be a hold-off period in many cases until the way is clearer.

An example is the extensive look, ordered by the White House, at how to fund education of disadvantaged students who obviously are not getting training they need despite the many programs and billions of dollars being spent in the present education system.

There will, of course, be many other changes during the second Nixon Administration.

For one, George Romney will soon be leaving the Department of Housing and Urban Development.

The future of two other Cabinet officers—Earl L. Butz at Agriculture and Rogers C. B. Morton at Interior—is not known. Of the two, Mr. Butz seems more likely to remain.

Highlights of Mr. Nixon's first term included turning toward all-volunteer armed forces, visiting Moscow and Peking, transforming the Post Office into a quasi-government corporation, slowing inflation by instituting wage and price controls, devaluing the dollar, ending the Bretton Woods monetary program and halting U.S. ground combat in Viet Nam.

Topping that in his second term would be difficult. He may not produce as many big eye-catchers. But he is expected to continue to be an activist. Richard Nixon is not a man to rest on his laurels.

END

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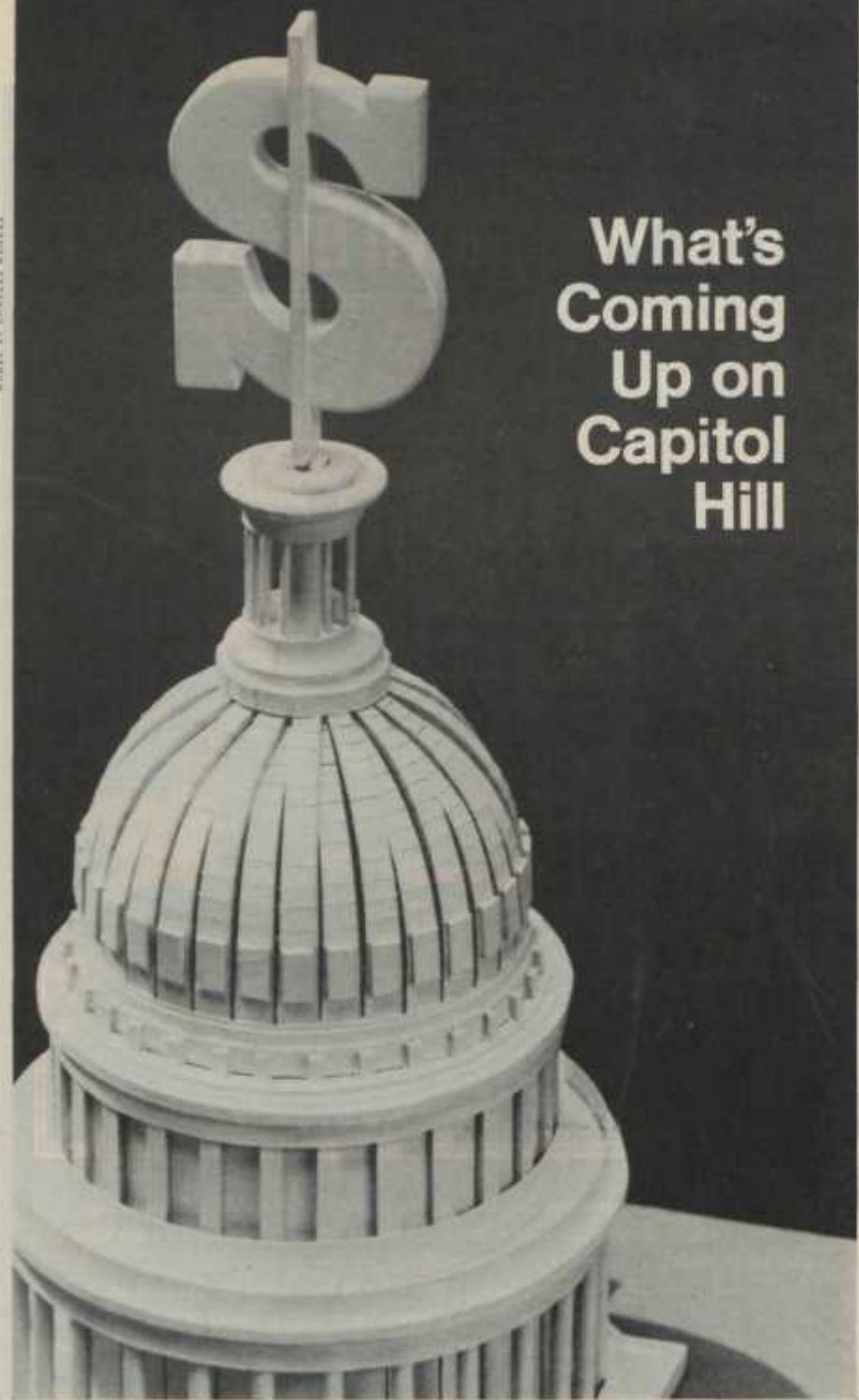
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## What's Coming Up on Capitol Hill



The new Congress that convenes next month will grapple with crucial economic issues.

It will be called upon to make major decisions in such key areas as taxes, long-range budget policy, wage-price controls, international trade, and costly national health programs and other social ventures that will have a major impact on business.

Despite President Nixon's landslide election victory, he will again

be dealing with a Democrat-controlled Congress.

So the stage is rather well set for Capitol Hill and the White House to disagree on numerous fronts. There also is certain to be a great deal of disagreement within the 93rd Congress itself on how to keep the nation economically healthy.

Mr. Nixon, of course, is determined to hold down federal spending and avoid a tax increase, and that

theme will be hammered home when he submits the fiscal 1974 budget to Congress next month. What he says will not be palatable to liberal Congressmen, who are expected not only to balk at attempts to restrict popular social programs but also are almost certain to introduce new programs and try to broadly expand those already in being.

For practical purposes, the makeup of the Senate will be 57 Democrats and 43 Republicans. Independent Harry Byrd of Virginia votes with the Democrats for organization purposes and Conservative William Buckley of New York with the Republicans.

The House will have 245 Democrats and 190 Republicans, with the possibility of a change or two either way—depending on who fills the seats of two Democratic Congressmen who are missing on an Alaskan plane flight but have been reelected.

Meanwhile, there will be a continuing flap over the budget for the current fiscal year, which Mr. Nixon wants to hold to \$250 billion even if this means refusing to spend funds that Congress appropriated.

However, a bigger showdown will come over the first budget of the new Presidential term.

President Nixon, no longer facing the problems of reelection, "will be tougher in this area of spending because he has nothing to lose now," says Rep. George Mahon (D.-Texas), chairman of the powerful House Appropriations Committee. "And it will be good for the country."

Rep. Mahon is quick to add, however, that Mr. Nixon has spent more than any Chief Executive in history, with deficits soaring to about \$100 billion during his first four years in office.

"The President, of course, can't hope to curb the almost insatiable desire of Democrats and Republicans alike in Congress to do more and better things for people," Rep. Mahon says. "I don't think there's anything left to dream up, so the real pressure will be to expand all those programs we already have."

Mr. Mahon says he doesn't think either Congress or the President will push a new tax bill in 1973, but adds:



"I don't think the President can sit idly by and let deficits of these dimensions continue to pile up."

On the other side of the Capitol, Sen. Russell Long (D-La.), chairman of the equally powerful Senate Finance Committee, feels the new Congress will enact some kind of tax reform legislation.

Principally, he says, the focus will be on those taxpayers who are not paying their fair share, for one reason or another.

"I think President Nixon will reduce federal spending in certain areas, and I wish him luck," the Senator says. "We have altogether far too many programs. Some are beneficial and should be retained. But others should be drastically altered or drastically reduced."

House Speaker Carl Albert (D-Okla.) predicts the House will concentrate on such issues as housing, health insurance, minimum wages, pension funds and consumerism.

Probably one of the most far-reaching decisions Congress will be called upon to make involves the future of wage and price controls. The authority under which Mr. Nixon imposes them expires April 30.

It is generally expected that the President will ask Congress for continued authority to set controls. But he is expected to use them in a limited way during a Phase III, perhaps applying them only to the largest corporations and labor unions.

Here, in capsule form, are some top issues due to come up on Capitol Hill in 1973:

**Budget**—Next year could well bring a showdown over whether the federal budget's runaway growth is finally going to be checked. The budget has gone up 130 per cent in the past decade alone, and there is a growing consensus that expected improvements in national life have not been realized from massive spending programs.

**Tax Revenues**—A head-on collision expected over fiscal policy will have an element of great suspense for taxpayers. The outcome could determine whether substantial new federal taxes will be required to meet any spending increases.

Higher spending without new reve-

nues would mean continuation of enormous deficits and a very real threat of renewed inflation.

**Health Insurance**—This blockbuster issue has been moving closer to center stage in Congress in the past few years. Proposals range from those that would encourage purchase of private health plans to one amounting to a nationalized health program that would require a hefty increase in Social Security taxes and in general revenues.

**Minimum Wage**—Both houses of Congress passed bills this year to raise the minimum wage but no agreement was reached on a final version. A new round of action is due next year. The Senate-passed version called for an increase from the present \$1.60 an hour to \$1.80 immediately; \$2 in 1973 and \$2.20 in 1974. It also would have extended coverage to an additional seven million workers. The House version called for going to \$2 in 1973 and contained a provision for a "youth worker" scale that would be less than the adult level.

**Private Pensions**—A new push is promised from backers of legislation to establish broad federal controls over private pension plans. Employers pay the bulk of the cost of such plans and would be faced with most of the increases that would be required under the proposed legislation, which covers such areas as portability, vesting and funding.

**Transportation**—Should the Trust Fund established 16 years ago to finance construction of the Interstate Highway System be used to finance mass transit projects, including subways? That question, which went unanswered in 1972, will be before the new Congress as part of a major bill to extend the Interstate System.

**Consumer Bills**—New efforts to have the federal government require no-fault insurance coverage for motorists will be launched next year. President Nixon's position has been that the matter is one for the states to decide individually.

In broad terms, no-fault insurance provides for payment of medical expenses, property damage and other economic loss without regard to responsibility for the accident. Its ad-

vocates say the approach eliminates need for costly litigation of claims. Opponents say it too often denies accident victims just compensation, and encourages reckless driving by removing the fear of being held responsible for accidents' financial consequences.

The Congressional fight over establishment of a Consumer Protection Agency will start anew on Capitol Hill as the 93rd Congress gets down to business. Legislation to be reintroduced would establish a "super-agency" to represent consumer interests before government agencies that regulate specific areas of business and industry. Business spokesmen see the proposed panel as another potential source of costly litigation and harassment by bureaucrats and militant consumer groups.

**Welfare**—President Nixon has promised a new effort to win passage of major revisions in the welfare program. He says his proposals will be "work-oriented." Congress has thus far rejected the President's recommendations for a plan that would establish a guaranteed annual income at a minimum of \$2,400 for a family of four, and extend welfare to families with a working member below certain income levels. Critics say this approach would double the number of people on relief rolls and aggravate, not solve, the welfare problem.

**Metric System**—Legislation committing the country to conversion to the metric system period will be considered in the new Congress. The switch would occur over a period of about 10 years.

**Foreign Trade**—New efforts are expected to win approval for legislation that could hamstring U.S. corporations that operate abroad and that would curtail imports into this country. The Burke-Hartke bill—along those lines—was strongly opposed last year by businesses which pointed out their international operations are important customers for their domestic operations.

On the other side, Congress will get proposals to foster expansion of trade through such steps as tariff reductions and elimination of non-tariff barriers. END



ONE OF THE BIGGEST INDUSTRIAL announcements ever made in Mississippi occurred when PENNZOIL COMPANY revealed plans for a \$280 million energy refinery near Pascagoula. The facility, which will create 300 new jobs, will convert foreign crude oil into synthetic natural gas and fuel oil.

**WILLIAM C. LIEDTKE, PENNZOIL** president, said the plant will be designed to handle 150,000 barrels a day and be capable of producing from 340 million cubic feet of synthetic natural gas and 80,000 barrels of low sulphur fuel oil a day.

**WESTERN AUTO SUPPLY CO.** announced they will build the South's largest warehouse building at Jackson. The huge \$3.5 million structure will initially have 600,000 square feet of floor space and an ultimate capacity of one million square feet. To be completed next spring, the distribution center will employ 200 persons representing an annual payroll of \$1 million.

**PIPER INDUSTRIES, INC.,** opened its new plastic molding plant in Jackson which could result in the city becoming the plastics capital of the Deep South. At the same time the company announced it will build a steel processing plant in Greenville to slit 30,000 to 40,000 pound steel coils to customer specifications.

**GOVERNOR WILLIAM WALLER** said that 113 new industries and plant expansions were announced during the first six months of 1972 with an investment of almost \$500 million, and by the end of the year investments should approach \$1 billion.

**FOR MORE INFORMATION** about a location for your industrial needs write or call Harry D. Owen, Director, Mississippi Agricultural and Industrial Board, P. O. Box 849, Jackson, Mississippi 39205.

—William L. Waller, Governor

## Financial Aid for the Firm Under the Environmental Gun

The Small Business Administration is launching three in-depth studies to try to determine what costs and other problems will be involved for small business in complying with new safety and health and antipollution laws.

A major concern is the amount of debt a small firm might have to assume in order to meet standards prescribed by the laws. How much will this debt affect the firm's ability to continue in operation?

One study will examine the Occupational Safety and Health Act. Another will examine water pollution legislation, and the third, air pollution.

There already have been studies in these general areas, but these will be the first concerned with the cost impact on small business.

A goal will be to learn whether serious financing problems will exist, and what the appropriate alternative solutions will be if they do.

Currently, firms requiring financial assistance to comply with air or water pollution standards may apply to SBA for loans through the agency's regular business loan program.

Under this program, SBA may guarantee up to \$350,000—or 90 per cent, whichever is less—of a loan a bank makes. It also may lend up to \$150,000 in participation with a bank if the bank furnishes at least 25 per cent of the total, and it may lend up to \$100,000 on a direct loan to a small firm.

The loans may be for as long as 10 years—15 for construction of facilities—and the interest rate on a direct loan or SBA's share of a participation loan is 5½ per cent. Banks may charge up to 8½ per cent on a guaranteed loan or on the bank's share of a participation loan.

When standards are established under the Federal Water Pollution Control Act, SBA will be able—

*Prepared by the Small Business Administration.*

thanks to recently enacted legislation—to provide financial aid for small firms required to meet them.

Special programs are available now for coal mine health and safety loans, consumer protection loans and occupational safety and health loans.

There is no dollar limit on these types of loans, and they may be for as long as 30 years. SBA may provide up to 90 per cent of a participation loan with a bank, or guarantee 90 per cent of a loan a bank makes.

A would-be borrower firm must prove the likelihood of economic injury caused by a requirement to meet federal standards.

The interest rate on all three types of loans is 5¾ per cent for SBA's share. A bank may charge 7½ per cent on a participation loan and 8½ if it makes a loan with SBA's guarantee.

Additional information on any of these programs may be obtained from the nearest SBA office.

• • •

Three new booklets aimed at helping small firms solve their management problems have been issued by SBA. All are offered for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

"Management Audit for Small Retailers" is a check list of 149 questions for measuring management practices and procedures in retailing (price: 35 cents).

"Starting and Managing a Small Drive-In Restaurant" contains tips on how to locate, finance, build, hire and manage personnel, advertise and keep records (price: 35 cents).

"Strengthening Small Business Management" tells how to recognize and take advantage of an opportunity, and organize a business for action. It also discusses what changes should be made and how to measure the results, and recommends numerous methods of improving management techniques (price: \$1).



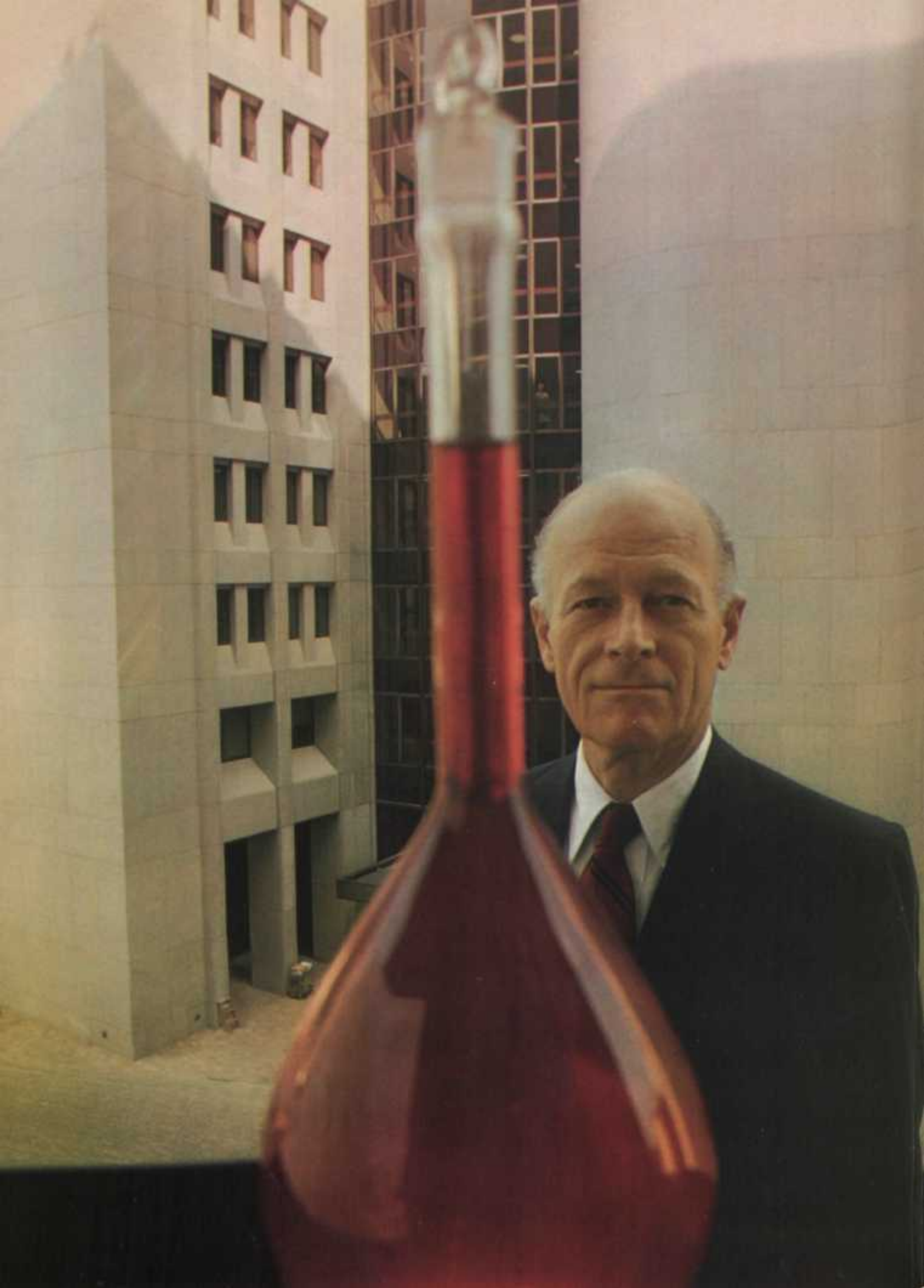


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# **JOHN DEERE on the move**









# Charles B. McCoy of Du Pont

## Good management as an article of faith

For years people have been waiting to see Charles Brelsford McCoy, head of E.I. du Pont de Nemours & Co., blow his cool.

One long-time associate doesn't believe it can happen, and to prove it cites an incident on a duck hunting trip on Chesapeake Bay.

Brel McCoy had brought along a young golden retriever and during the night had put it in his wife's new station wagon because he was afraid the barking would bother his hunting companions.

The next morning the inside of the station wagon was a wreck. The dog had torn all the upholstery loose and chewed up the seats. Contemplating the damage, the laconic Mr. McCoy's only comment was to himself: "Well, Brel, it looks like you're going to have to buy Sallie a new station wagon."

Later, the retriever put on a sparkling display for his first hunt. Said Mr. McCoy, patting the dog on the head: "You keep that up and I'll feed you station wagons."

In the past several years the 63-year-old executive has been feeding

his giant chemical firm a new diet and it seems to have done a world of good. Du Pont expects to go over the \$4 billion sales mark with room to spare this year, topping the record of \$3.85 billion set in 1971.

Last spring the directors not only reelected Mr. McCoy president and chief executive officer—posts he had held since 1967—but also elevated him to the chairmanship, succeeding Lamont du Pont Copeland Sr., who had retired. Mr. McCoy became the first man since 1919 to be Du Pont's president and chairman simultaneously.

Under his leadership the 170-year-old company has undergone a significant belt-tightening and management concept change, has entered new markets and has made some hard product decisions, such as bowing out of production of Corfam, once heralded as the successor to leather.

The accent on change at Du Pont is a reflection of the philosophy of Brel McCoy, who—associates like to point out—bought a large place in the countryside outside Wilmington, Del., and proceeded to have about

half the house razed because it was too big to be manageable. His approach to company problems, the associates say, is equally direct.

Up from the ranks, Mr. McCoy is the second man to head the company who has not been a member of the founding Du Pont family. Typical of most of the firm's key executives, he was educated as a chemist (in his case, B.S., University of Virginia, '30) and a chemical engineer (M.S., Massachusetts Institute of Technology, '32).

There's no ostentation about Brel McCoy.

He drives himself to and from work, usually flies commercially on business trips rather than take a company plane, and moves comfortably in a circle of old friends. His friends say his climb to the top at Du Pont hasn't changed him.

He's known as a good listener, but he can be a talker, too. He has a keen sense of humor and delights at one-liners tossed at friends (to a fellow golfer: "I hear you just won the Senile Open").

In a walnut-paneled office on the



## Lessons of Leadership: Charles B. McCoy *continued*



*Rated a good listener by those who know him, Brei McCoy never interrupts in mid-sentence. When he speaks, his words are often laced with a keen sense of humor that reflects a gusto for living.*

*Law*

ninth floor of the Du Pont Building in downtown Wilmington, Mr. McCoy talked with a *NATION'S BUSINESS* editor about topics ranging from golf to the changes he's engineered at his company.

*Your golfing partners say you're a fine player with a six handicap.*

Don't take that seriously. I have a sad story, like every other golfer, that my handicap is not as high as it should be. It's either eight or nine, at the moment.

And I contend that is based on statistical error.

*They also say you don't get on the fairways as much as you did before you became president of Du Pont; that you work harder than in the past.*

Oh, it takes a little more time to get the job done these days.

*Is it true that you were the first golfer to be named to Du Pont's Executive Committee?*

That's what Crawford Greenewalt [Du Pont board chairman until 1967; see "Lessons of Leadership: Part V," *NATION'S BUSINESS*, October, 1965] told me. He said: "Well, you're the first golfer that ever made it." But I wasn't the first McCoy on the Committee. My father was a Du Pont vice president.

*You were born in Oakland, Calif., but wasn't the McCoy family originally from Delaware?*

Yes, the family dates back to Colonial days. My father was in Oakland with Du Pont. We moved to Wilmington in about 1919 and I went to school here.

*Any boyhood idols?*

I was no different than any other boy. They ranged from baseball players to the President of the United States, or Gen. Pershing, or perhaps my own father.

*Being the son of a Du Pont Co. executive, did you always plan to go with the company?*

I think, looking back, that it was perfectly natural for any boy growing up around here whose father worked for the company to think of Du Pont as a logical place where he might someday get a job.

And most of the people in Wilmington were strong company supporters, so they made it look like an attractive life.

*Have other McCoy's settled on a Du Pont life, too?*

Well, we're a Du Pont family, you could say. One of my two brothers is



with the company. The other is an artist. My sister married a Du Pont employee.

My wife, Sallie, and I have three sons. One is with the company and another worked for Du Pont for about five years before leaving to go with a local business.

*You had two degrees and a Phi Beta Kappa key earned at the University of Virginia when you began your career. How helpful were these credentials in job-hunting?*

Well, they weren't too helpful in 1932 because there weren't many jobs. I made applications and had interviews and knew a number of people—Du Pont was a smaller company then—but I didn't come up with anything. I finally got a job "through the gate" at the cellophane plant in Richmond, Va., as an operator.

It was a very junior type of job, really an operator's assistant. I turned a few valves and made a reading someplace, helped clean up the yard and did whatever they asked me to do.

Then there was an opening for a junior chemist at a powder plant in New Jersey, and I got that job.

*Did you ever want a career in chemical research?*

No, I didn't. I had watched that type of work for one summer and I had seen enough of it at the university level to figure I probably didn't have enough patience to make a good research man. I just didn't figure I would really be able to tie myself down and do as thorough a job as you have to do.

I was more interested in production, or in jobs that involved people, although I don't suppose I had what I wanted strictly defined in my mind by any means. I think you kind of move when you have the chance.

*You spent four years in Du Pont's London office. Does Du Pont stress international experience for its executives?*

About 18 per cent of our sales are now in foreign markets and we expect about 25 per cent in five years, so we are a multinational company and we look at our business as worldwide.

It has always been a part of our training system that a man moves around in his career. It's like the Army, in the sense that if you go with a big company you just take moving as a matter of course. If this doesn't appeal to you, you ought to look for another kind of employment.

We don't say that this fellow has been in the country two years, so now he has to serve two years overseas—that kind of thing. But the men who move through the organization have almost without exception either had some foreign experience or will have had so many trips overseas that they are quite comfortable in dealing with international operations.

My London experience, by the way, was a great opportunity to compare the American system and the American people to others. We came off very well.

*You returned to the U.S. a few months after the outbreak of World War II in 1939. Did you happen to bring back any munitions orders?*

No, no sales, but I was put in the explosives department as sort of an assistant. The company could see what was coming and they were starting to man up that group. I started working on the military contract side, which meant a lot of back and forth to Washington and New York. First our contracts were with the British and French and later they were entirely with the United States.

*Would you say you were heading toward a career as what your industry has traditionally called a "powder man"?*

No. I left the explosives department after the war.

Even then it was a misnomer in a sense, because explosives are only part of the business. I went to the electrochemicals department and was there for seven years as assistant general manager.

Then I went to the elastomer chemical department as general manager. I was there for a couple years—until 1960 when they wanted somebody in the explosives department as general manager. There had been a retirement, so they put me back in there.

*Looking back on your career, is there any single event that might be considered the most important turning point?*

I have never identified one. I think it was just a series of breaks.

*Breaks?*

Any man in one of these jobs like mine feels that way, I think—that there couldn't have been any one thing, there had to be a whole series. People move at the right time, they happen to be Johnny-on-the-spot, or the balance is such that whatever it is, you have what's needed then.

*Du Pont's Executive Committee management concept has been a model for other companies since 1921, but since you became president there have been some changes. How major have they been?*

I wouldn't classify them as major. Rather than functional assignments, the seven senior vice presidents now have liaison contact with the operat-

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## Lessons of Leadership: Charles B. McCoy *continued*

ing and staff departments, with the object of furthering our profit center concepts. The Committee is more market-oriented.

Actually, I would say that the Committee has changed, perhaps, with each generation—with the composition of the people on it and the operating style of the chairman.

The management changes made since I have been here are perhaps just another step along the line and merely reflect the changes in the character of the business and in the climate in which we operate. For instance, there is much more multinational, international involvement.

*Have these changes been accelerated by the pace of business today?*

I think so. The pace today is perhaps faster than before, although I'm sure that people who were here 20 years ago would quickly say I was wrong on that point. And there is more emphasis on relatively new problems that involve business—such

as urban, social, consumer and environmental matters.

So the changes we have made have been in recognition of those problems.

We're trying to speed up decisions and trying to keep the operation of the Executive Committee in tune with the times.

*Do the changes in the Executive Committee's role mean more centralized management?*

I think if you go back to 1921, the structure that was introduced then was a decentralized form of organization—that's the modern jargon we use in describing it—but they probably didn't think of it that way.

Today we certainly still believe strongly in decentralization, with profit centers, so that people at an early stage have the feeling of overall responsibility, not just functional responsibility.

The Committee is where it all comes together. This group is responsible for the operation of the business and for planning and development. In order to have a future you have to monitor the present.

*Would you describe these changes as evolutionary or revolutionary?*

Oh, I don't even know that I'd go that far. I think they are normal good management practices applied against the problems of the times. And it isn't just one person who does it—the whole organization feels the need. Maybe you personally push the button to start it or implement it, but you have an organization. The key is to keep the organization sensitive to these things, wanting to do them, and almost anticipating you in any of these changes.

I think that usually is the way it happens, especially in big companies.

*How would you categorize the effect of these changes on individual executives?*

As far as I'm concerned, the changes haven't been dramatic or traumatic, but I'm sure there are spots in the company where they are seen that way.

How dramatic they seem to you as an individual depends, I am sure, on how close you have been to the fan,

*There have been a series of product consolidations at Du Pont, some plant closings and a 10 per cent reduction in the work force. What was the goal?*

We want to run fast and lean. We like to think of it as a way of life, a continuous job for management. In any human organization you go through cycles and a long period of prosperity undoubtedly lulls you into insensitivity in certain areas. As soon as you recognize the situation, you start to make plans to correct it.

*Where do you stand today?*

I think we have cut back and cut out a little more in the past two or three years than we will in the next two or three, but that depends, of course, on what business conditions are generally.

Not that the job is done or ever will be done to our complete satisfaction. We recognize there is a certain amount of excess fat you can get off pretty easily, but after that it becomes pretty hard.

*What new product areas are you leading Du Pont into? Does the company have another nylon up its sleeve?*

Well Du Pont and any other company would wish they did. The development of nylon established a multimillion-dollar synthetic fiber industry. But it just isn't reasonable to think developments like that are going to come along on any kind of schedule.

Perhaps the most exciting product in the fibers line at the moment is our new Fiber B. There's a lot of action right now in radial tires—in the use of steel in tires and in substitutes for some of the older fibers, rayon and nylon. Fiber B has a combination of properties that seems ideal for tiremaking applications. We think it has great prospects.

*Can Du Pont be considered a large defense contractor?*

Hardly. Less than 2 per cent of our sales are defense-related—mostly our commercial products such as fibers, film, X-ray equipment. We, like most other U.S. businesses or business as a whole, do a great deal better in peacetime. The more money that is spent on peaceful uses the better off we are at Du Pont.

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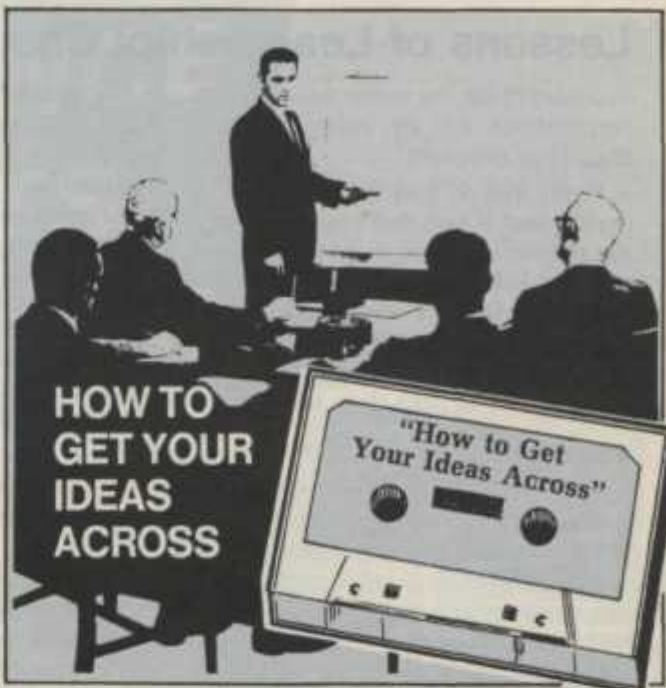
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## Lessons of Leadership: Charles B. McCoy *continued*

*You have made the statement: "Private corporations live by public permit." Would you elaborate?*

Well, that is just another way of saying that if you don't really satisfy the public, either with your products or your behavior, it will soon show up in your balance sheet.

There is no question that business organizations have to perform a service in order to earn their keep.

*What do you see as the role of business in solving social problems?*

Certainly the economic side is the No. 1 responsibility—to maintain an economic performance that provides jobs and opportunities for people. And that is one area where business hasn't been able to do as well as it would like to. No business likes to go through periods of laying people off, because that is really a breakdown in the system.

But it's not a perfect world. There are rises and falls. So there have to be ways to provide for the dips better than we've done in the past.

Overall, I think business should see that its strengths are applied, where they can do a job, to the general problems of society.

We have certain resources of people, certain talents, certain financial resources, that we have to make sure not only are used to produce products but also are made available to help solve some of those problems.

*Your company has a policy of lending people with special talents and training to assist local governments. Does that pose problems for you?*

Sometimes people from business find community work so rewarding that they have trouble separating the two jobs. That gets to be a headache for somebody's boss. But that's what bosses are for and we don't mind headaches like these.

*Du Pont is noted for its ability to recruit young talent. Is it because you promote from within?*

That's still our basic policy. We have it because I think it is a strong inducement to the kind of people whom we want to hire. People looking for career jobs expect to find ample opportunity in this kind of organization.

We aren't inflexible on this. We think we should go outside and get people, too. But almost all the upper levels of our organization have been filled with people whose careers in major part have been with Du Pont.

*Does Du Pont use any special technique to separate the brightest from the bright?*

Well, it's mostly just having good management as an article of faith. One of the responsibilities of your first supervisory job—and on up in your progression—is to make sure you identify as best you can those people who are likely to be qualified for leadership.

The way you do it is pretty much up to you as a supervisor. I don't think there is anything special, other than a combination of judgments.

There isn't anybody who has ever been infallible on this, either. You never know.

Each move is a test of a man and sometimes he doesn't make it, in spite of great recommendations.

*In the quest for new products, how much does Du Pont spend on research and development?*

Our round figure is \$250 million annually, which is the level where it has been for the last couple years. It has to be understood that not all companies define research and development the same way.

Some may not include the expense of sales development of a new product, or similar efforts, but limit their costs to the bench chemist in the laboratory. Our figures are much broader than that.

Over a number of years, perhaps two thirds of our efforts might be in support of existing business and one third on new business.

But with a base as big as ours, it takes a lot of technical work just to support what we have and make sure we take advantage of expanding opportunities.

As for basic research, I don't see how anyone can say that just because we have done a lot there isn't anything left to do.

*There are still new worlds to conquer?*

Oh, sure. The kids today are much brighter and better prepared than

any of us were at the same age and it will show up.

*Which nation do you see as the greatest competitor to the U.S. chemical industry?*

We respect the Japanese, the Germans and the British. And the French. Those are the nations that are most active. The Japanese, of course, are on the growth part of the curve. Their historic contribution hasn't been nearly as great as the others', but we recognize they are doing a lot of good work and expect something to come out of it.

*America can't rest on its laurels then?*

No, sir. I don't even wish we could. It's much healthier this way.

*Any special Du Pont problems abroad?*

The growth of our international business in the last decade has been one of our highlights. I think this year the international business we handle directly or are responsible for will total close to \$1 billion.

But our European operations do have a problem we don't have over here. In this country the Du Pont Co. is reasonably well known, but over there it's better known as the name of a brand of matches. We're working hard to establish the same reputation there that we have here.

*What is Du Pont's overall goal?*

It is not just to be No. 1 in size. And it's not just to attain the 8 per cent growth factor that we've set as an interim goal on earnings. It's really to be—in our fields—the most efficient and lowest cost producer, the most innovative company, and the company with the most useful and varied line of products and services.

In other words, our ambition is to strengthen our position among the leading industrial companies of the world. **END**

REPRINTS of "Lessons of Leadership: Part XCI—Charles B. McCoy of Du Pont" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.



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## ECONOMIC CENSUS

# A Quinquennial Event Is Upon Us

Starting the day after Christmas, each American business that has 10 or more employees will receive a bulky form from the Bureau of the Census.

It's time again for the economic census—a quinquennial event that happens in years ending in 2 and 7.

Years are required to digest the results of these censuses, but government statisticians this time hope to come out nine to 12 months earlier than in the past with the variety of reports that will be assembled.

At the latest, says Shirley Kallek, chief of the economic census staff, the last reports will be issued by the first six months of 1975. The first are expected to come out next fall.

Depending upon the type of activity he's in, a businessman can expect to receive one of 300 different questionnaires. The forms are to be completed and returned not later than Feb. 15 to the central collecting point at Jeffersonville, Ind.

The questionnaires will go to 2.1 million out of the nation's five million firms. Data from the 1.8 million that have no employees and the 1.1 million that have less than 10 will come to the Census Bureau from Internal Revenue Service and Social Security Administration records.

Reports filed by the 2.1 million firms will be confidential and not available to the Internal Revenue Service. A federal statute provides that the data may be seen only by sworn Census Bureau employees, and may be used only for statistical purposes. Copies of the forms are immune from legal processes such as those involved in taxation, investigation or regulation.

Says Dr. Walter F. Ryan, associate director of the Census Bureau for economic fields: "One of the most treasured assets of the Census Bureau is its record of confidentiality."

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That record, he says, is unblemished.

The first economic census was taken in conjunction with the third national census, in 1810. At that time government statistician Tench Cox estimated the actual value of U.S. manufacturing establishments to be in excess of \$200 million. In 1971, shipments of goods in U.S. industry totaled \$669.8 billion.

"We handle about three million pieces of paper in one of these censuses," says Miss Kallek. "And that's a lot of paper."

This one will include the following fields: manufacturing, mineral industries, retail trade, wholesale trade, selected service industries, transportation and construction.

In the survey of manufacturing, says Elmer Biles, chief of the Bureau's industry division, cost and quantity information will be collected for some 800 materials. Also, quantity and value data on approximately 10,000 products will be collected from 450 types of industries. For the first time, the census takers will require information on fixed assets.

In keeping with past censuses, firms surveyed will be required to report—on an establishment-by-establishment basis—the number of employees they have, the size of their payrolls and the value of sales or shipments. Retail firms also will be asked to report on sales by merchandise lines.

In general, results of the census' various surveys will be published for the U.S. as a whole; for each state; and—usually—within each state for counties, cities and "standard metropolitan statistical areas." The construction census, however, will only be at state level and below.

Retail trade figures will be reported for major shopping centers, as well as for other categories. END



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## This Month's Guest Economist

Dr. David Gilbert  
Chief Economist  
First Pennsylvania Corp.

*How!*

# The Changing Female Role

Over the last 20 years a quiet but dramatic change has occurred in the role women play in the economy. Traditionally, women would leave the labor force after marriage. But in the post-war period, changing values and time on their hands due to easier household maintenance propelled them into the job market in droves.

As of 1970, the latest year for which figures are available, more than 31 million women were in a labor force which totaled 85 million. In some industries they constituted the great majority of employees.

Over 63 per cent of the female labor force participants were married.

From 1948 to 1970, the labor force participation rates of married women who live with their husbands rose from 22 per cent to 40.8 per cent. Significantly, the greatest percentage increase in married female jobholders over this period occurred among women with children under six years of age. Historically, this group has had the lowest participation rate.

The incomes earned by wives are an important adjunct to their husbands' earnings. For instance, studies conducted by the Bureau of Labor Statistics demonstrate that of women with children under 17 years of age, those whose husbands' income is less than \$5,000 per year tend most often to take jobs.

Working women today also tend to be better educated than their historical counterparts. In the period 1952-1970, the median number of years of education that women in the labor force had completed rose from 12 to 12.4.

Along with changes in the level of educational attainment, there have been some shifts in the occupational distribution of women in the labor

force. Historically, clerical work has been the most important occupational area for women, and it still is. However, over the last 20 years, more women have been assuming professional and technical positions. With the increasing number of women completing college, and obtaining higher degrees, this trend should continue through the 1970s.

Teaching has been the most important professional position for women, but projections indicate there is likely to be an oversupply of teachers in coming years unless changes occur in the occupational mix.

Some of those in the oversupply should find openings in medicine, dentistry, engineering and various other sciences. All these areas will require added personnel, and it is likely that more women will be completing training and seeking positions in them.

Women have been an important labor resource to a number of major industry groups. Approximately 39 per cent of employees in the wholesale and retail trades are women. In finance, insurance, real estate and elsewhere in the service sector, women hold more than 50 per cent of the jobs.

Women in the labor force experience a higher unemployment rate than their male counterparts do. Looking at 1970, the joblessness rate for men over 20 years of age was 3.5 per cent, while for women in the same category it was 4.8 per cent. In part, the higher rate is due to the greater participation of women in unstable part-time employment.

Additionally, a major cause of unemployment for women is related to the difficulty of securing jobs on entry into the labor force. Typically, women tend to enter the labor force when

economic conditions are strong, and to leave when a downturn occurs. During extended economic downturns, women who have lost their jobs and are unable to find new employment will often exit from the labor force.

The year 1968 provided an example of problems women face in relatively prosperous times. Out of a total female unemployment rate of 3.8 per cent, two percentage points were contributed by women who were either reentering the labor force or who were entering for the first time and had not yet secured employment.

In contrast, the unemployment rate for men that year was 2.5 per cent. New entrants were only responsible for .4 percentage points, while job losers were responsible for 1.3 per cent.

The cyclical characteristics of female unemployment will tend to change over the decade as more women become permanently committed members of the labor force. Therefore, it's expected that the composition of the ranks of unemployed women will parallel that of jobless men. In each case those who have lost jobs, rather than those who are new to the labor force and can't find openings, will predominate.

Labor force projections indicate the U.S. economy can look forward to a substantial supply of well educated women as we approach the end of the decade. There should be a minimum of five million more women in the labor force by 1980. Married working women should increase to 22 million by then as compared to 18.5 million in 1970.

Women will continue to contribute to growth of the national product through greater participation in the labor force in a broader array of occupational groups.



# A Plan to Make Federal Budgeting Make Sense

BY SEN. WILLIAM E. BROCK III (R.-TENN.)

The nobody-really-knows-what's-going-on Congressional approach to spending and taxing cries for reform, writes a Senator who takes a fresh approach

Picture, if you can, a corporation with 500 men on its board of directors.

If that doesn't tax your credulity, try this.

For reasons of its own, the board can't—or won't—pass on the corporation's overall annual budget.

Instead, it farms out small parts of the budget to scores of subcommittees, each riding herd on an office or two.

They hold hearings that go on for months, as one executive after another comes forward to sell his office's spending plans.

Some executives go beyond personal appeals.

They coax stockholders to appear before the subcommittees to plug the executives' pet projects.

Finally, often after the new fiscal year has begun, about 20 separate budget reports—or mini-budgets—go before the board. Most members

have only a foggy notion of what's in a report or behind it. Only the handful who held hearings, and drafted it, know that.

So the board tends to go along with the spending plans those colleagues have endorsed.

Thus, bit by bit, the overall budget takes shape.

Meanwhile, no board member knows how much it will add up to. Nor does the board weigh the relative merits of competing demands on corporate funds. It's an open-ended way to draft a budget.

We all know what would happen under a system like this. The board members would soon spend the corporation into bankruptcy.

I ask, is that any way to run a railroad—or any other enterprise?

Well, that's the way Congress runs the country.

Almost every business, or municipality, adopts a budget before it

starts spending money for the coming year.

But not the federal government.

To be sure, the President proposes a budget. But at no time does Congress accept it completely nor does Congress adopt a budget of its own.

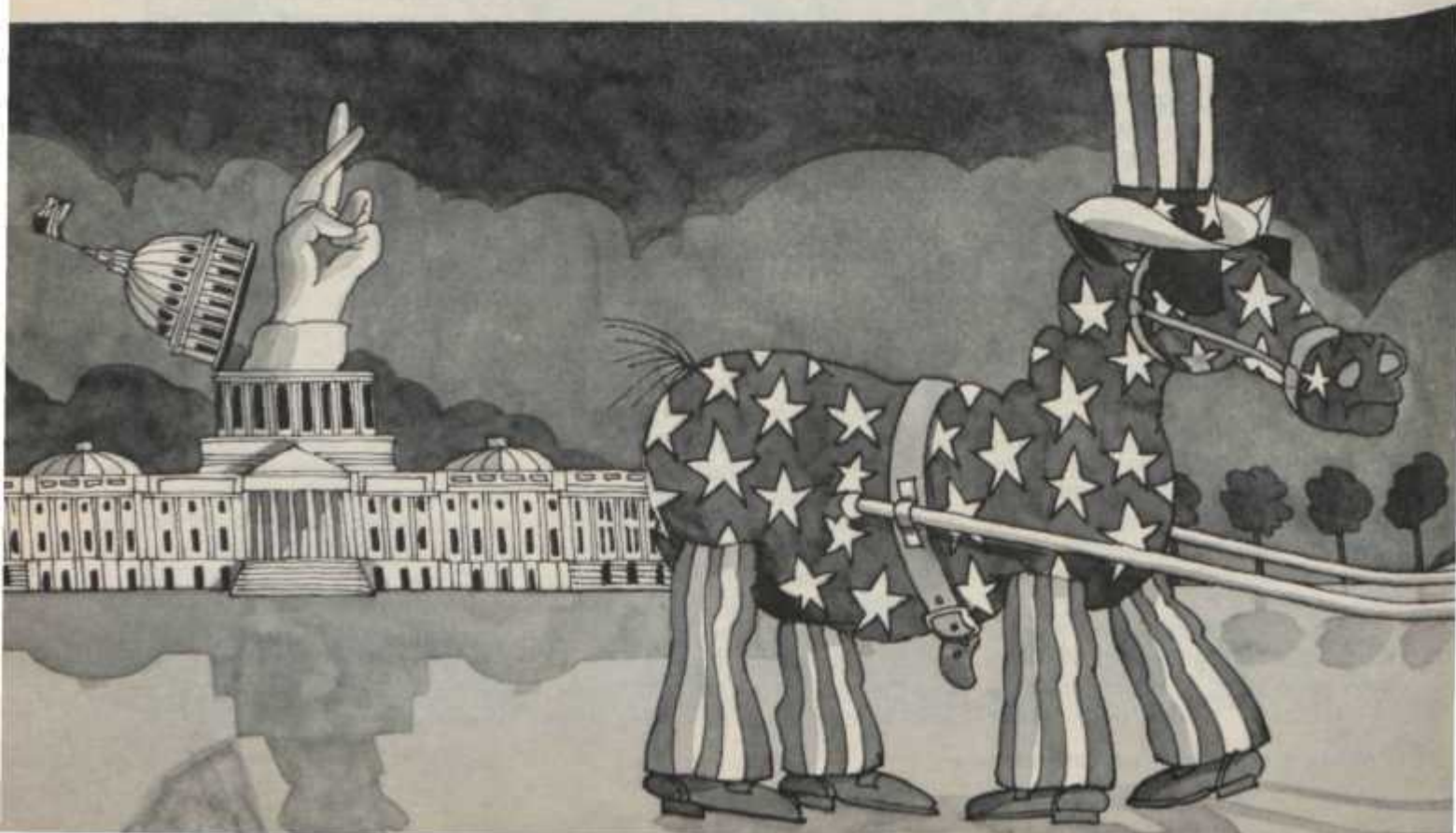
## Hodgepodge on the Hill

Instead, the system works like this:

Each January, the President sends his budget to Congress, asking it to approve specific spending programs and to provide money for them in appropriations bills. Since there are thousands of federal spending programs, each bill includes funds for a number of them.

Once introduced, the bills are sent to the House and Senate Appropriations Committees. There the various parts are referred to subcommittees.

The House Committee, for example, has 13 subcommittees. There are subcommittees for agriculture,





and environmental and consumer protection; for housing and urban development, space and science; for labor, health, education and welfare; for the Treasury, Post Office, and general government—plus others.

In theory, the full Committee controls these appropriations bills. In practice, the subcommittees have almost complete say-so in their own spheres.

For one thing, they become experts in their specialized fields. So members of one subcommittee tend not to challenge the decisions of the others.

When the subcommittees have finished, their recommendations are lumped together in an overall appropriations bill.

Obviously, this catch-all measure may or may not reflect the judgment of the full Committee. It represents a collection of decisions delegated to a lower level.

Sound like a weird way to run our biggest institution—the federal government?

Well, there's more.

### False ceilings

Before voting any money, the Appropriations Committees usually wait for a green light from other policy-making committees of Congress.

Each house has about 20 of them, with numerous subcommittees. They set an authorization, or spending ceiling, on all programs, new and old.

Sometimes these ceilings are quite misleading.

They may be set high in full knowledge that far less money will actually be appropriated. In this way, Congressmen can make what seem to be lavish, multibillion-dollar promises, with the comforting knowledge that they won't be kept.

Or they may grossly understate

full costs by setting only short-term ceilings on long-range projects. In this way, Congressmen can let a pet program get its foot in the door—apparently dirt cheap.

Only later do taxpayers find that, over the years, costs skyrocket. Medicaid is a good recent example.

So much for spending.

Now for raising the money to pay for it.

The committees that spend have nothing to do with paying the tab.

That's the job of two other committees—the House Ways and Means Committee and the Senate Finance Committee. They write the tax laws, change the rules, raise the rates or lower them.

At no point does any Congressional body say: "Here's how much we want to spend. Here's what it's for. Here's how we'll get the money to pay for it."

Or, better still: "Here's all that we

ILLUSTRATION: BILL COLE





# A Plan to Make Federal Budgeting Make Sense

## AGELESS WORDS

*"God bless us every one!"*

Tiny Tim in "A Christmas Carol" by  
Charles Dickens

Tim speaks the thoughts of all of us  
at this time of year. May the spirit of  
those words prevail for you and yours  
each and every day.



Pete Progress  
speaking for your  
Chamber of Commerce.

## Federal Budgeting *continued*

have to spend. And here's how we'll stretch it to cover our priority needs."

Unfortunately, a long time ago, Congress let the ultimate authority for fiscal responsibility gravitate to the White House.

Today, the only place where a budget is put together is in the Office of Management and Budget in the Executive Office of the President.

About all Congress does is look at the priorities set by OMB and add or subtract a few items.

### A lack of machinery

Congress lacks the machinery to arrive at its own priorities.

All too often, it increases a budget rather than prune it. For example, in the last session, its impact on the President's budget was to increase the deficit by some \$9 billion before Presidential vetoes whittled that down to \$5.76 billion.

Under this system, quite predictably, efforts to control federal spending have flopped. Here's how the federal budget has climbed in the past few fiscal years:

From 1968 to 1969, up nearly \$6 billion.

From 1969 to 1970, \$12 billion.

From 1970 to 1971, nearly \$15 billion.

From 1971 to 1972, more than \$20 billion.

It's estimated that from 1972 to 1973, the rise will be as much as \$25 billion.

The red ink on our balance sheet presents an even more dismal picture. Federal deficits from fiscal 1970 through 1973 will total an estimated \$84 billion—or approaching one fifth of our national debt.

Nor is the future any brighter. A recent American Enterprise Institute study estimates these deficits, even on a so-called "full employment" basis, at \$5 billion in 1973; \$14 billion in 1974; \$22 billion in 1975.

It's quite apparent that growing federal spending has brought us to a crisis stage. This fiscal crisis affects every American.

Over 10 per cent of the average family's taxes go to pay the interest on our national debt—which is approaching \$500 billion.



And the country is embarking on a new spending spree—for so-called social needs. Washington has an ingrained belief that if anything is wrong, anywhere, the cure is to throw money at it.

This year, federal spending on education, manpower, health, housing, civil rights and other social programs will add up to \$122 billion. That's about half of Washington's total expenditures.

### A fresh approach

It's time to try a fresh approach. We can't provide essential social needs within an expanding economy without a sound budgetary process.

What is needed is thorough reform of the way in which Congress handles spending and tax measures.

To meet this crisis, I will reintroduce a bill I submitted at the last session: the Federal Act to Control Expenditures and Upgrade Priorities.

If passed, it would require not only Congress as a body, but each individual member, to face up to his duty to curb spending. My bill contains five points:

- It would amend the House and Senate rules to create a Joint Committee on the Budget.

This Committee would develop a legislative budget—as opposed to an executive budget—providing a way to establish priorities and control expenditures.

- It would require five-year budget projections for every major category of federal spending.

This would compel Congress and the Executive branch to acknowledge fully the long-range costs of spending programs. All too often, in the years after they've passed Congress, federal programs' costs have ballooned. It is no longer acceptable to evaluate project spending on a one-year basis, as in the past.

- It would require reevaluation of spending programs every three years.

The purpose of this is to ensure periodic Congressional review of all important federal programs. The trend today is to add new programs without even attempting to do away with those that are outmoded and useless. As a result, the government gets bigger and bigger and bigger.

- It would require consideration of at least two years' pilot testing of every proposed major program.

This would provide Congress, and the country, with a better estimate of the costs and benefits of new federal projects. No prudent businessman would promote a new product nationwide without some preliminary market testing. I feel government should use the same prudent approach with tax dollars.

- Money for all federal spending, including that of the trust funds, would have to be appropriated annually by Congress.

At present, more than 800 of these federal trust funds are not subject to this kind of annual review by Congress.

Instead, they have a permanent spending authority. This spending adds to our huge federal deficits and should be subject to some review and discipline.

### How many—and how much?

The government has lost its sense of purpose in developing federal programs. New ones are hastily concocted with little or no knowledge of what's already in existence. Duplication is the order of the day.

Let's take just one example.

Today, we have more than 1,050 federal domestic assistance programs.

Many overlap. This makes it almost impossible to find out how many people are getting aid—and how much. It also leads to a great deal of waste and inefficiency.

Making matters worse, it's hard to determine what good the program is doing, if any.

The five-point plan I have outlined will bring about long-needed reform in the budgetary process if passed by Congress.

It permits Congressional control over federal spending and, at the same time, a constant review and upgrading of national priorities.

If Congress does not put an end to the spending spree, we face two alternatives: Taxes will go up—or a new surge of inflation will boost prices even higher.

Neither is acceptable to me, nor tolerable to an already overburdened free society.

END

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# FORE!

Here's how to mix pleasure with business in Europe—if you're a golf addict



Tourism has given golfing a boost in Spain; there are many new courses. El Prat, near Barcelona, isn't a new course but it's one of the best.

How would you like to be lining up a putt in the Engadine area of Switzerland—snow-capped Alps in the distance, a carpet of green underfoot and a plush Swiss hotel with a snug 19th hole waiting for you at the end of the round?

How about hitting a clothesline screamer on the King's Course at Gleneagles, straight down a Scottish Highland fairway, and then getting a birdie with a curling putt that has to traverse three humps and two hollows before plopping into the cup?

Down on the Costa del Sol of Spain—a magnificent stretch of sea and land—new golf courses seem to appear every month. There's no waiting to play there, except when someone famous turns out with an entourage.

In the far north, at Trondheim, Norway, how would it be to tee up at 10 o'clock on a summer night and finish the round just after midnight with the sun still shining brightly? It makes a great golf story to tell your friends when you get home. Who could top it?

That's golf in Europe and the number of Americans sampling it nearly doubles each year. The newest thing is for American business executives to take along their clubs, spiked shoes, sweaters and slacks and a couple of dozen large-size American golf balls when they go to Europe on business.

It costs little to fly your bag over

and back—nothing, of course, if your baggage is within your weight limit. So executives are saying to each other, "Why not take the clubs along and relax a bit between conferences, appointments and plant inspections?"

William Briggs, Washington representative for AMF, Inc., has gone even further. Every July he takes 16 executives to Europe for two weeks of 36-holes-a-day golf. Before or after that golf marathon the executives, including Mr. Briggs, attend to their business chores.

KLM, Pan American, BOAC and TWA report increasing business in taking golfers to the meccas of Prestwick, London, Geneva, Rome, Shannon, Madrid, Paris and Frankfurt.

Getting set for a golf holiday interspersed with business takes more than a day or two to arrange. If you hope to do so next spring or summer, now is the time to start planning.

Here are some things to remember.

Take along letters of introduction from your own golf club. Without them, most European clubs won't permit visitors to play—although many good European courses are open to the public.

Bring your handicap card, your own shoes, clubs and a cover for your golf bag.

Find out when the courses you want to play are open. Some close during the off season or on certain local or national holidays.

If you're a golf fan, chances are

you've heard about the famous courses: St. Andrews, Muirfield, Carnoustie, Prestwick and Troon in Scotland; Prince's, Hoylake, Wentworth, St. George's and Birkdale in England; Portmarnock, Ballybunion and Royal County Down in Ireland; Royal Waterloo in Belgium; St. Cloud and Chantilly in France and Italy's Villa d'Este.

In addition to these, NATION'S BUSINESS has put together a list of fine but lesser known courses with the help of a dozen touring pros, golf writers, and businessmen golfers like Bill Briggs and KLM's Washington representative, Lestrade Brown.

Here's the list by country.

## England and Wales

*Royal Lytham and St. Anne's Golf Club* is one of the finest courses in the world. It's a mystery why this course, five miles from Blackpool, is not better known. It lies near the Irish Sea, and it's big—6,850 yards long with par of 71. British Open championship tournaments are played here.

*Formby Golf Club*, also little known, is easily one of the 10 finest courses in Britain. It's a true championship course, 6,862 yards long, par 72. Just 13 miles north of Liverpool, it's also alongside the Irish Sea.

At one time there was a snooty sign outside Formby Club which said, "Dogs, golf professionals and women are not permitted in the club—



International and European championships have been played on the Olgiata course near Rome. It is used year-round.

Switzerland's Crans course is of championship caliber, and the Alpine scenery—as you can see—is spectacular.



PHOTO: KERNALLIES—REXUS-BILLUMETTE

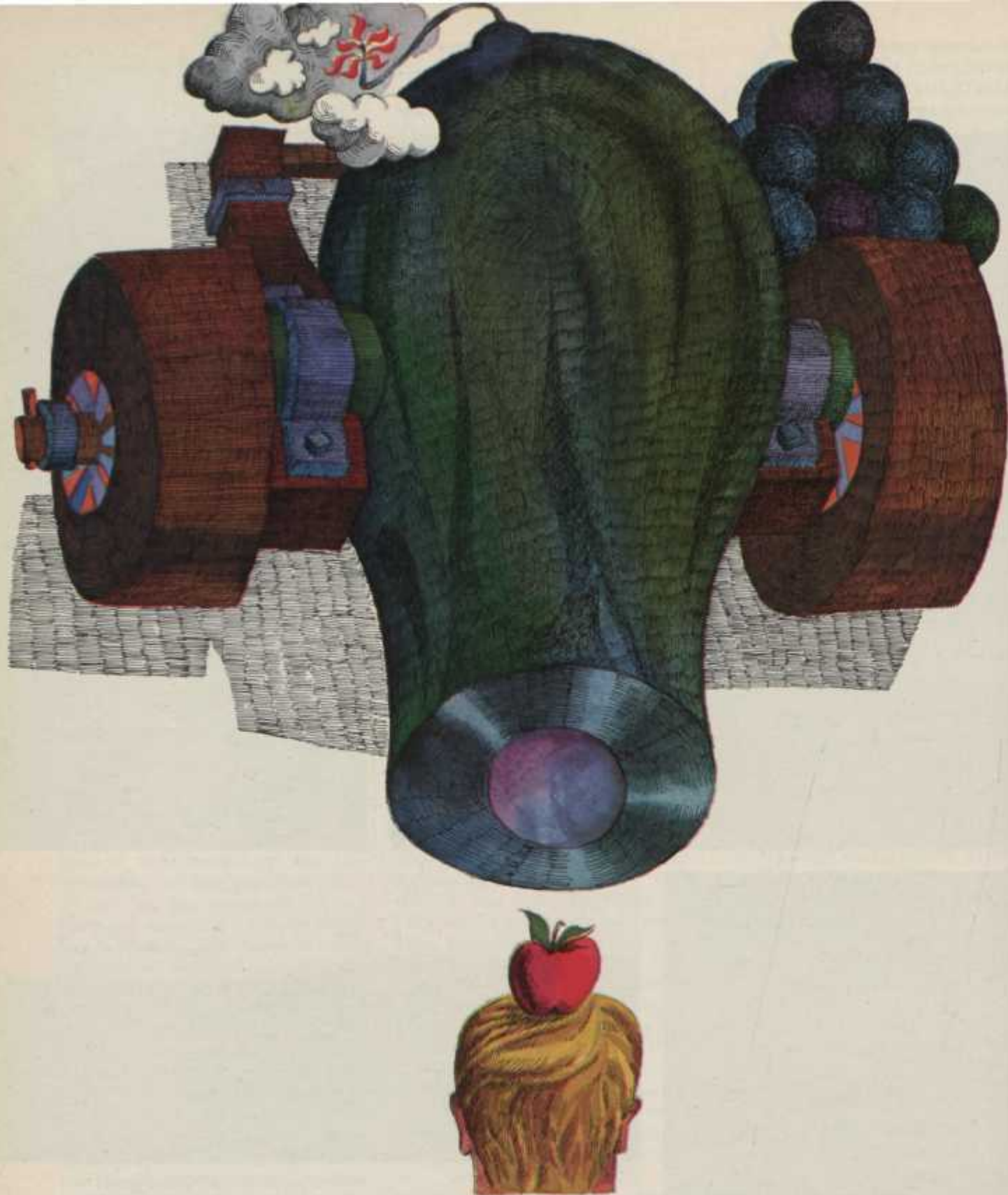


PHOTO: FRED J. MAROON

The 18th hole at St. Andrews in Scotland is one of the most famous holes in links lore. Its backdrop: a venerable clubhouse.

Ireland's Galway Golf Club doesn't offer a championship course, but it certainly tests your mettle. It's 52 miles from Shannon Airport.





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**We sell more by selling less.**



## FORE! *continued*

house"—in that order. But the club's less starchy now.

*Little Aston Golf Club*, eight miles from Birmingham, is 6,700 yards with par of 71. It, too, is a home for English championship tournaments.

*Ferndown Golf Club*, near Bournemouth, while not a championship course, is a good one. It's 6,500 yards with par of 70.

*Royal Cinque Ports Golf Club* is at Deal on the windy English Channel. Few Americans seem to know about this 6,414-yard, par 71 masterpiece. The course is on links land—meaning sandy, seaside soil. St. George's and Prince's are nearby, making the area a true golf center.

*Llandudno Golf Club* is Wales' best. Regular professional tournaments are played on the 6,546-yard layout, par 70.

*Royal Mid-Surrey Golf Club* in Richmond, Surrey, is 45 minutes by car from the center of London. The club is prestigious and the course is flat enough not to unduly tire the aging golfer—length 6,435 yards, par 70.

*Moor Park Golf Club*, at Rickmansworth, has two courses. One is 6,652 yards, par 71; the other, 5,820 yards, par 67. You can ride to the club on the London Underground.

*Southport and Ainsdale Golf Club* is a near-championship layout near Formby. Length is 6,452 yards and par is 71. Classic Victorian hotels—unlike anything in America—are near the course.

*Sunningdale Golf Club* at Sunningdale in the London suburbs isn't so well known now, but was 50 years ago. The late Bobby Jones once shot a 66 there, 33 out and 33 in, sometimes considered the most perfect round of golf ever played. The main course is 6,565 yards long, par of 70.

### Scotland

*Blairgowrie Golf Club* at Rosemount is 15 miles from Perth in the southern Highlands. One unusual feature is the bowl-shaped first green; the cup is sometimes spotted in the center, and all putts are then downhill. Length is 6,500 yards and par is 72. *Turnberry Golf Course* is in the top rank of Scottish golfing places with two fine courses—Ailsa and Arran. The Ailsa course is a monster, 7,100

yards long with a deceptive par 71. Arran is 6,650 yards with par of 70. A magnificent golfers' hotel nearby is just 20 minutes from Prestwick Airport where New York to London flights stop daily.

*Royal Dornoch Golf Club*, in the far north at Dornoch, has a 6,500-yard par 70 course at sea level. The course is practically in the town of Dornoch.

The village of Gullane (pronounced Gill-in), not far from Edinburgh, is definitely in golfing country.

*Gullane Golf Club* has three 18-hole courses. The women's Curtis Cup matches are played here.

*North Berwick Golf Club*, another championship layout, is not far from Gullane. It is 6,400 yards long, par 70. Pot bunkers are common on the course, which is near the Firth of Forth.

### Ireland

*Royal Portrush Golf Club* is little known in the United States, although British Amateur championship tournaments are played there. It's in Northern Ireland, 65 miles from Belfast.

*The Royal Dublin Golf Club* at Dollymount on Bull Island is 15 minutes from the capital of Eire. This course, with the sea all around, is tough enough for scratch players, yet not too hard for 15-handicappers. Length is 6,700 yards and par is 73.

*Killarney Golf and Fishing Club* is in County Kerry at Mahony's Point. Shannon Airport is 80 miles away and this could be your gateway to golf in Europe. The Killarney course skirts around beautiful Lough Leane. Length is a hefty 6,750 yards and par is 72.

*Lahinch Golf Club* in County Clare, 25 miles from Shannon Airport, has an excellent course that few Americans seem to know about. It's 6,300 yards with par of 70 and tricky greens.

*Galway Golf Club* has a par 70 course overlooking Galway Bay—you can see the Aran Islands as you play.

### Holland

If you believe that Scots invented golf, keep it to yourself in Holland because Dutchmen claim they did, in the 1300s.

*Haagsche Golf en Country Club*, four miles from The Hague (which is Den

Haag in Dutch), is a 6,000-yarder with par of 70. The course is on links land, among sand dunes. You need good iron play to score well.

*Hilversum Golf Club* is near the middle of little Holland. Playing back tees makes the layout 6,800 yards. Par is 73. The course is flat and sandy.

### Belgium

*Royal Golf Club of Belgium* near Brussels has a first-rate course of 6,650 yards with par of 72. A typical Belgian country house serves as clubhouse for the course, which is a favorite of wealthy Belgians.

### Luxembourg

*Golf Club Grand-Ducal de Luxembourg* is the only 18-hole course in this little country and it's unlikely that you'll know anyone who has ever played it. Apart from novelty, it's an interesting 6,200-yard course, par 71.

### France

*Golf de Chiberta*, near Biarritz, is one of France's best all-season layouts. It's 5,600 yards, par 71, hilly and wooded, with challenging fairways.

*Cannes Country Club* at Mougins is about four miles from the Mediterranean among pine trees. It was a favorite of the late Aga Khan. Length is 6,000 yards, par 72.

*Golf Club de Compiègne* is near the town famous as the site where Germany surrendered in World War I and France did in World War II. It is an excellent course—a heavily wooded 6,000 yards, par 72.

*Golf de Fontainebleau* is just south of Paris. Despite a par 73, its tight fairways and length, 6,200 yards, make it no cinch. Since Fontainebleau was a major American military area for years, English is widely spoken here.

*Golf de Saint-Germain* at Saint-Germain-en-Laye, 25 miles from Paris, has one of the better courses in Europe. Length is 6,000 yards and par is 73.

### Spain

Golf is coming on strong in Spain. *Real Club de Golf El Prat*, 20 miles from Barcelona, is still the nation's best course, although it's not new, as



## FORE! *continued*

many Spanish courses are. Length is 6,400 yards and par 72. There are an additional nine holes among Spain's famed umbrella pine trees.

*Real Automobile Club de España*, 30 miles from Madrid, is also very good, although the club is at sea level and very hot in summer and cold in winter. Length is 6,200 yards; par, 72.

*Real Club de la Puerta de Hierro* is really a network of courses. It's handy to Madrid, only 10 miles away on the La Coruna Road. You may be told you must have a member in your foursome.

*Club de Golf Sotogrande*, between Malaga and Gibraltar, is a coming star among European courses. This is the heart of the Costa del Sol country and the course, lying among stark hills, is still developing.

Nearby are courses at San Roque, Torremolinos, Atalaya, Guadalmina, Los Monteros and Malaga.

*Nueva Andalucia Club*, in the same area, has two 18-hole courses designed by Robert Trent Jones, the American golf course architect.

Northern Spain has fine courses along the Bay of Biscay.

*Real Golf Club de San Sebastian* is one of them. Fifteen miles from the town of San Sebastian, it's 6,000 yards long, par 68.

### Portugal

Estoril is the retreat for much of Europe's worn-out royalty and run-down aristocrats.

*Estoril Golf Club* is one of their favorite haunts. The club is 20 miles from Lisbon by car. Two courses are available.

*Club de Golf Vale do Lobo* is in the Algarve in southern Portugal. New hotels, motels, rental cottages and apartments line fairways. A big jetport at Faro is 20 minutes away by car. Lobo is big—7,000 yards with par of 73.

### Monaco

*Monte Carlo Golf Club* at Mont Agel, altitude 2,600 feet, is a short 5,000-yarder, par 68. If you hope ever to shoot par, here is your best spot to try.

### Italy

*Circolo Golf Olgiata* is Italy's best. International championships have

been played at Olgiata, which is 25 miles north of Rome. Its west course is 6,500 yards long, par 72. The 17th hole, 515 yards long, is one of the finest golf tests on the Continent.

*Circolo del Golf di Roma* is located on the Via Appia Nuova. Old Roman edifices are along the fairways of this 6,000-yard course, par 70.

Some of Italy's best courses are around Milan.

*Golf Club Milano*, 22 miles from the city, is one of them. It's 6,200 yards long, par 72.

### Greece

*Glyfada Country Club* is near Elliniko Airport outside Athens. Stark hills overlook the 6,700-yard, par 72 course. Its new clubhouse is an added attraction.

### Switzerland

*Golf Club de Genève* is only 20 minutes by car from downtown Geneva hotels. By Swiss standards, this 6,400-yard course is flat. Par is 69.

*Crans Golf Club*, nestled in the Alps near the village of Crans, is Switzerland's best. It's 6,600 yards long, par 73, and was the first course formally organized on the Continent.

*Golf and Country Club Blumisberg*, 14 miles from Bern, has a good par 72, 6,250-yard course. The second nine is spectacular, laid out on a plateau more than 2,000 feet high.

### Austria

No really fine golf course has been built in Austria, but there are two fair ones among the 12 in the country. *Karntner Golf-Club*, Dellach, is the best. Length is 6,200 yards and par is 70.

*Golf Club-Wien*, next best, is an 18-hole, 6,000-yard, par 70 course. It's 15 minutes by car from Vienna, near the Vienna Woods and next to a race track.

### Germany

*Golf-und-Land-Club Köln* (Köln is called Cologne in English) is the best course in Germany. The 6,600-yard, par 72, heavily wooded course is championship caliber and perfectly kept. Par three holes are outstanding.

You wouldn't think that hemmed-in Berlin would have room for golf but it does—two courses.

*Berlin Golf and Country Club* is the better. It's primarily an Allied Forces course, only 20 minutes from the center of Berlin by car. Length is 6,360 yards and par is 70.

*Golf-und-Land-Club Berlin-Wannsee*, the other course in West Berlin, is a nine-holer.

*Frankfurter Golf Club* is one of the best in Europe. The par 74 course, 6,400 yards long, is heavily trapped and fairways are lined with trees. A hook gets you in trouble here. Excellent par three holes are a trademark. *Münchener Golf Club* (München is Munich in English) has two courses. The Bavarian Alps and a lake nearby make the courses worth playing for the scenery alone.

### Denmark

Golf has been popular among wealthy Danes for 75 years.

*Copenhagen Golf Club* at Springforbi, 30 minutes by car from Copenhagen, is the country's best course. The course is near the sea and quite flat. It stretches 6,500 yards with par of 71.

### Norway

*Oslo Golf Club*, six miles from Oslo, is one of the most spectacular courses in the world. It's high in the mountains, and has a large lake winding through it.

The mountain air is cool, crisp and fragrant with the smell of trees and grass. Par is 71 and length is 6,300 yards.

### Sweden

*Göteborg Golf Club*, 20 minutes by car from the city of Göteborg, is one of Sweden's better courses.

*Boden Golf Club's* nine-holer near Lapland offers you the rare opportunity to play golf at the Arctic Circle. Go around twice for a par of 68 over 5,200 yards.

### Czechoslovakia

*Golf Club Mariánské Lázně*, Marienbad, is the place to go if you fancy a capitalistic game of golf behind the Iron Curtain.

It's a nice wooded course, perhaps worth traveling to a communist country to play. It's 5,800 yards long, par 72.

Fore!

END



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# Call Me Indispensable...

## ...Or: How to Survive in the Washington Bureaucracy

**Bureaucrat:** A member of a bureaucracy; especially a government official following a narrow, rigid, formal routine.

—"Webster's Seventh New Collegiate Dictionary."

*The professional bureaucrat is one who can devitalize ideas with deft thrusts of yesbutisms and forthright avoidisms. Constructive interface avoidance and steadfast decision postponement are the finest products of the bureaucrat's art.*

—"When in Doubt, Mumble."  
By James H. Boren.

Presidents, Cabinet officials and government reorganizational task forces sooner or later fade away, but the federal bureaucracy goes on and on.

Since the birth of the nation, Presidents have concerned themselves with how to make the bureaucracy respond to their leadership and carry out their policies. Bureaucrats, on the other hand, have been dedicated to the principle of dynamic inaction and—as one of them might put it—the optimization of the status quo.

Though change in general is a force that they tend to view with alarm, it is the personnel changes of a postelection period that strike real terror in their hearts.

Long before last month's election, bureaucrats were developing their survival plans, dusting off techniques that have assured continuity in their ranks from Administration to Administration. They move with the same apprehension if the man in the

White House wins another four years there as they do if a new man comes in. For they know that changes always occur as second term Presidents seek their niches in history.

The following recital not only lets you in on what the professional bureaucrat—let's call him a member of the species "probu"—does in such circumstances, but also gives you an idea of how he thinks and expresses his thoughts.

- *The transition committee.* If possible, the bureaucrat moves with unusual dispatch to nail down a staff job on a Departmental transition committee. This is the postelection and pre-inaugural mechanism to make whatever changes are ordered at the top.

It is also the instrument through which newcomers to government can quietly search for appropriate jobs to be filled. The bureaucrats on the committee have an opportunity to demonstrate that they want to be professional "members of the team," and perhaps may quietly help identify potential vacancies.

While transition committees are more important as survival bridges when there is a shift from one President to another, the probu knows that proper participation in such a group following a President's reelection can also be very helpful.

Members of transition committees normally take care of members of transition committees.

- *The indispensable expertise gambit.* By calling on years of shufflistic experience, probus can establish the indispensable nature of their continued service. Knowledge of specialty language, Departmental regulations, and the time schedule for required documents are illustrative elements in establishing survival-oriented expertise. As a distinguished

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DR. JAMES H. BOREN, author of this article, is a Washington consultant, lecturer, former State Department official and internationally known authority on dynamic inaction. He is founder and president of the National Association of Professional Bureaucrats, Inc. (NATAPROBU), and author of "When in Doubt, Mumble" (Van Nostrand Reinhold Co.), a handbook for bureaucrats. It contains, among other things, techniques for the "probu" to use when asked about matters on which he either knows nothing or wishes to avoid taking a position. For example, he should "phase out" but never "kill," "opt" but never "choose," "fall back" but never "lose," "draft up" but never "write," "staff out" but never "plan," "gear up" but never "start," and "preclude" but never "ban."





ILLUSTRATION: JOHN REILLY

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leader of an operating foundation once put it: "If you cannot dazzle them with your brilliance, baffle them with your bullstic semantics."

- **The job classification.** If the finely tuned antennae of a bureaucrat indicate probable vulnerability in retaining a job that is not protected by Civil Service regulations, he may arrange to have his position brought under that protection or may transfer to a position that is protected. This technique normally requires help from a friend in the personnel office and the alert probu usually makes his moves before an election, not afterward.

- **The transfer.** If the atmosphere of a postelection period appears to be one with lethal fallout, the bureaucrat may wish to arrange a transfer to some area other than the head-

quarters or regional office. By being out of sight, the probu may be forgotten.

- **Residuation.** As a time-tested survival technique, the use of residuation cannot be surpassed. It serves as the basic method when others cannot be followed with confidence. "To residuate" is the probu's verb form that relates low profile to the residuum—the last remaining particle. By maintaining a low profile during Administration changeovers, the bureaucrat may choose the appropriate time to cautiously surface from his protective nest. The general rule: "When in change, residuate."

- **Policy homogenization.** The survival weaponry in the arsenal of bureaucracy continues to grow and the adaptations are as varied as the number of bureaucrats. Change in policy

does not concern the probu because they know they can operationally homogenize new policy decisions into the comfortable status quo.

Probus have mastered the art of converting straightforward policy statements into programs that carry the rhetoric but not the action. The process of translating definitive directives into costly programs of decision postponement, action avoidance and creative nonresponsiveness can be called policy homogenization.

- **The study committee.** Study committees and task forces are accepted by a President as a means of initiating action on his policies, but the probu views them as the first step in policy homogenization. Since any change of policy starts from existing policy, bureaucrats are assured an important operational berth either on





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## Call Me Indispensable...continued

the study committee or on the senior staff serving the committee. Even if all committee members are from "the outside," the staffing is invariably from within the bureaucracy whose direction it's proposed to change.

Essential to any study process are the involved exchanges within the committee on definitions, direction, available human and material resources, existing and needed legislation, economic and social impact, confrontation avoidance on ethnic and sexist issues, and the relationship of the study committee to other study committees investigating similar policy statements.

The study mechanism usually in-

port must be made available to various Departmental offices for comments before review copies can be printed and distributed for inter-agency discussions.

Then the interagency copies must be circulated to each agency's key political and policy people to determine possible overlap or encroachment on authority. Lengthy negotiations between agency heads and committee members may result.

Ultimately, the draft will be sent to the White House for informal consideration and comments. More adjustments may be required, but a final report on policy implementation will find its way to the President.

### Boren's Buckslip for Bureaucrats

- ☐ Xerox and file
- ☐ Let's discuss at lunch; your club
- ☐ Innovate within established guidelines
- ☐ Rewrite with thesauric enrichment
- ☐ For your information
- ☐ Peruse, ponder and refer
- ☐ Draft reply with crisis orientation
- ☐ Develop rationale for nonconcurrence
- ☐ Classify and circulate
- ☐ Per your request
- ☐ Rationalize with policy flexibility

volves the appointment of several subcommittees.

Such a procedure assures opportunities for intercommittee negotiations and maximized rewrites of preliminary drafts of tentative reports.

While bureaucrats may not be adjustive in their philosophical adherence to the status quo, they have learned to be very adjustive in their terminology. They are the first to embrace the new terms of an Administration, and, in fact, are very helpful in contributing terms that can be the subject of broad interpretation after the study committee is disbanded. Future marginal thinking can be enhanced by planting adjustive terms in basic policy documents.

The draft of a study committee re-

desk from 12 to 24 months after the study committee was appointed.

With the passage of time, the need for the policy change may no longer exist. Or, if it does, the bureaucrats may have built enough "adjustifiers" into the basic document to assure that an operational program will be leveled or homogenized by the time it comes out of a skewed pipeline.

As many a President has discovered, the captain on the bridge may give orders for a change of course to the helmsmen of the various watches, but the ship of state may not respond.

No policy change can be effected without the concurrence of middle level and senior level bureaucrats.

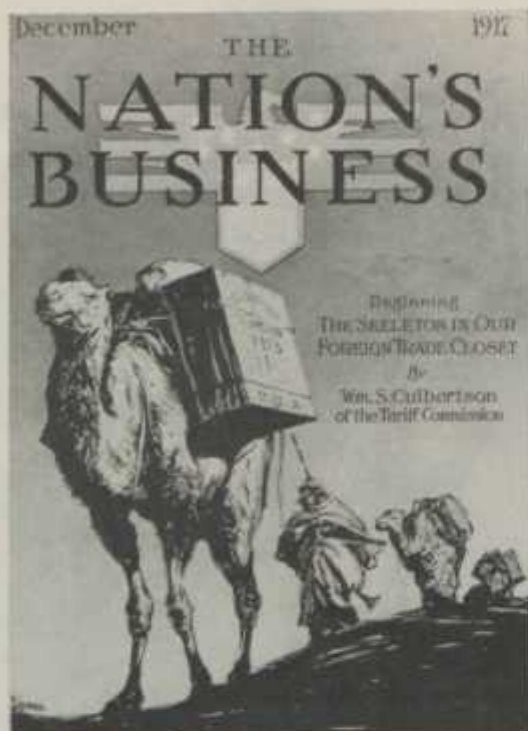
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# The Past Is Prologue

## Fifty-five years ago in Nation's Business

(established 1912)



December, 1917. In a matter of days, Russia would be taken out of World War I by her new rulers, the Bolsheviks. The first contingents of the American Expeditionary Force had landed in France five months before. Chateau Thierry, Belleau Wood, St. Mihiel and the Meuse-Argonne were half a year ahead of them.

NATION'S BUSINESS that month looked not only at the war but at conditions needed for prosperity when the doughboys came home.

In the first of four articles entitled "The Skeleton in Our Foreign Trade Closet," U.S. Tariff Commission member William S. Culbertson noted that countries like Germany, Japan, England, France and Italy "allow a wide latitude" for "monopolistic combinations" of companies in order to bolster international trade, but that U.S. antitrust laws "are stringent."

While America should maintain "unrestricted competition" inside its borders, he argued, it should let its businesses "cooperate and combine for the purpose of selling their goods in foreign markets."

In "What's Ahead of Congress," House Speaker Champ Clark discussed wartime legislation, asserted that "a period of unexampled taxation is upon us," and predicted: "Never, from now until the day of Judgment, will a parliament approve such mighty expenditures."

He did somewhat better as a prophet when he forecast prompt Congressional action on "two great non-war measures [that will] come before us—suffrage and prohibition." The 18th Amendment, banning "intoxicating liquors," was approved by Congress that Dec. 18 and ratification was completed Jan. 16, 1919. Congress didn't O.K. the 19th Amendment, giving women the vote nationwide, until the following June; ratification was completed in 1920.

There were various articles about how business' war effort was going, and there also was a personality sketch—of Julius Rosenwald, head of Sears, Roebuck and Co., who, as an unpaid adviser to the Council of National Defense, was busy helping the government round up clothing materials for the Army.

Author James Morrow cited the great merchant's many philanthropies and quoted him as saying: "It is a crime to pile up money after one has accumulated all that he needs for himself and his family."

Mr. Rosenwald, 55, also reminisced about Richard W. Sears, whom he and a relative of his had joined as partners in the 1890s—they made a \$70,000 investment in what had been solely a watch and jewelry mail order house. (A.C. Roebuck, he recalled, had no financial interest in the firm but "was always an employee on salary.") Mr. Sears "died two years ago, a very wealthy man," said Mr. Rosenwald. "Modest, always, and lovable, he was of great service . . . to the American people. He brought manufacturers and consumers together and saved the latter hundreds of millions of dollars."

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# Is the HMO Just What You Ordered for the Doctor?

The health maintenance organization, with its emphasis more on prevention than on cure, is due for much debate in Congress and elsewhere in the months ahead

If the 1960s could be called the space decade, then the 1970s might well be labeled the health decade.

Soaring medical costs, maldistribution and shortages of medical manpower, and other problems have made the state of the nation's health services a prime concern of government as well as of individuals.

The new 93rd Congress is sure to debate the subject of national health insurance. The Administration has a health care plan and so do various Senators and Congressmen.

One proposal likely to come before Congress is that the health maintenance organization concept be given a stronger push.

Billed as a new approach, the HMO idea has actually been around for 40 years. While it has many variations, in its simplest form it calls for a prepaid plan guaranteeing a list of medical services to the subscriber.

What's new is the federal government's interest in the concept as a way to cope with the health care challenge. The Nixon Administration, for instance, has gotten Congressional funding for some 110 HMO's around the country and wants a large-scale extension of such funding.

The typical HMO is an affiliation of doctors, hospitals, clinics, technicians and nurses. Its advocates



This towheaded youngster had his broken arm taken care of through the health maintenance organization plan operating in Columbia, Md.



Columbia's HMO will operate out of a new medical center this spring. William Towle, administrator, checks details of a center model with his assistant, Ira Shimp.

*Save*

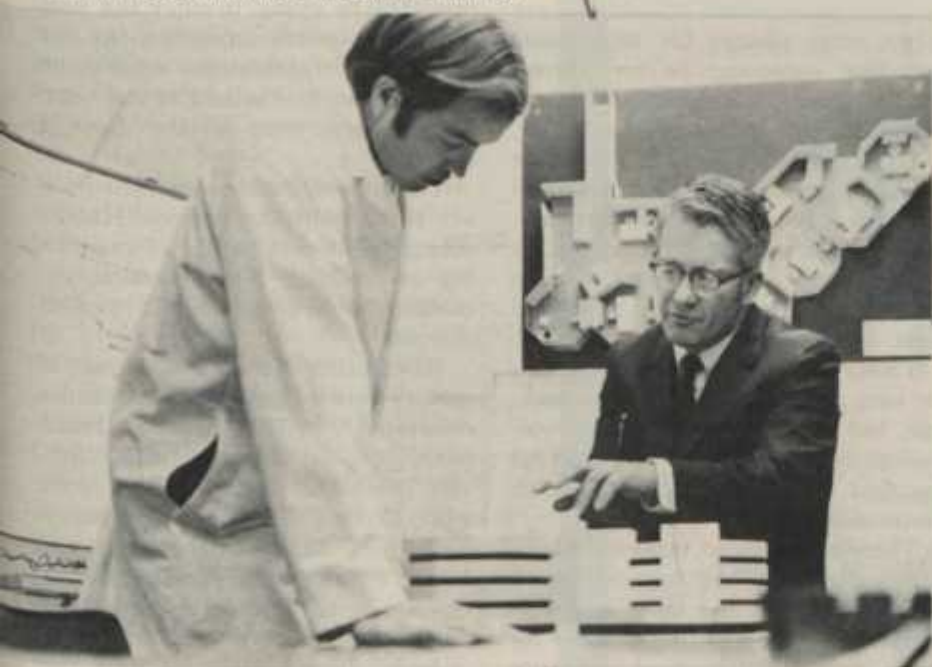


PHOTO: WAGBI CASTELLON

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claim it will greatly increase the efficiency with which the health care industry serves the public. "Better medical care for less cost," is the watchword.

That would be good news for businessmen, in particular.

It's the employer who foots the lion's share of the national health bill today, through group employee health insurance plans.

And one rough estimate is that if national health insurance is enacted and in operation for five years, the typical business will see its spending on medical insurance double—at least.

### Antithesis of piecemeal

The HMO concept mounts a strong attack on the traditional fee-for-service mode of delivering medical care in which the patient pays for each trip to the doctor's office or hospital.

In launching a drive for the HMO in his 1971 State of the Union address, President Nixon pointed out that doctors and hospitals ordinarily "are paid, in effect, on a piecework basis. The more illnesses they treat—and the more services they render—the more income rises."

The President argued, as do other supporters of the HMO idea, that a fixed-price contract for comprehensive care "reverses this illogical in-

centive. . . . Income grows not with the number of days a person is sick but with the number of days a person is well. . . . In an HMO . . . cost-consciousness is fostered."

In other words, it's to the economic advantage of the doctor and others affiliated with him in the HMO to keep you well, or spot illnesses early, so you'll stay out of the hospital and off the operating table—thereby reducing their expenses. The HMO shares the economic risks of illness with the subscriber.

Paying more attention to preventive medicine and spotting illness at an early stage is an approach, HMO advocates say, that will cut down on high-cost operations and hospitalizations that occur when illness only comes to light in its later stages.

This built-in emphasis on prevention is almost unique with the HMO concept. Private insurance plans and Blue Cross and Blue Shield, as well as Medicare and Medicaid, function more as conduits, paying medical bills (or part of them) after they're incurred.

A logical question about HMO's is whether they really do what they're supposed to do—provide better medical care for less cost.

The best known example of an HMO-type operation is the Kaiser Foundation Health Plan, Inc., which

Complete and up-to-date records are a must in an HMO. Columbia's Mary Lou Le Compte, records librarian, is filing medical histories in the stacks.

*Save*



serves 2.4 million people in California, Colorado, Hawaii, Ohio, Oregon and Washington.

Conceived in the 1930s Depression as a way to offer medical care to Kaiser workers in remote areas of the Hoover Dam-Colorado River project, it was expanded to cover Kaiser shipyard workers in World War II and thrown open to the general public following the war.

Completely self-sustaining—there is no government participation—the Kaiser operation today is the world's largest private direct service health care plan, with over 2,000 doctors and 21 hospitals participating, and assets of about \$250 million. And it boasts of concrete results in lowering the cost of health care for its subscribers.

### 30 in operation

Other long established fixed fee plans include the Health Insurance Plan of Greater New York, serving about three quarters of a million members; the Group Health Cooperative of Puget Sound, to which more than 150,000 Seattle, Wash., residents belong, and the Labor Health Center in St. Louis, Mo., which serves about 40,000 members.

More recent plans include the Community Health Foundation of Cleveland (1964), the Harvard University Community Health Plan



# Is the HMO Just What You Ordered for the Doctor?

*continued*

(1969) and the Columbia, Md., Medical Plan (1969), which is co-sponsored by Johns Hopkins Hospital and Connecticut General Life Insurance Co.

It's estimated that 30 HMO's are now operative in the U.S., providing services to about 6.5 million people.

Why has the HMO idea failed to catch on in an even bigger way?

One reason is that many have felt it is not a good approach to health care.

Organized medicine opposed the concept in the past. State laws were enacted outlawing "lay controlled" medical care plans, and severe sanctions were used against participating professionals by their medical societies.

Presently, however, the American Medical Association says it has "no clear-cut policy objection" to HMO's. The AMA supports "a pluralistic delivery system," and says each HMO should be judged on its merits after thorough testing.

Also, the AMA says it "opposes governmental intervention on behalf of any one method of practice over all others, or any unfair competitive advantage given such a system."

Other factors which have slowed expansion of the HMO approach include the fact that many people want as wide as possible a choice of doctors to see and treatments to take; large start-up fund requirements (one estimate of planning and development costs alone is \$250,000) and the tight physician market.

## Keeping hale in Columbia

While almost no two HMO's are exactly alike, here's the way one works:

The Columbia, Md., Medical Plan has about 12,500 members. It's possible to join through an employer or if you're simply a resident of Columbia, a new town halfway between Washington, D.C., and Baltimore, Md. Connecticut General Life has provided the long-range funding, and functions as the marketing arm of the plan along with Metropolitan Life Insurance Co. and Equitable Life Assurance Society.

A single person pays \$19.50 a month; a husband and wife, \$39; and a family with children, \$66. Fees cov-

er all major or minor illnesses. There is no extra charge for physicians, including surgeons; or for nurses, hospital rooms, lab work, X rays, anesthetics or blood transfusions.

Extra costs include a \$2 "gate charge" for each visit to a clinic, regardless of reason or amount of care; a \$2 charge per prescription; and a \$100 maternity case fee which covers all prenatal, delivery and postnatal care.

Thirty days of inpatient psychiatric care a year are part of the package, but there is a charge for outpatient psychiatric care—\$2 each for the first 15 visits and \$10 for each additional visit.

There are reduced rates for Medicare patients 65 and over who wish to join the plan and there is a supplemental plan with lower rates for those covered by medical insurance at their place of work.

A subscriber gets to choose a physician affiliated with the plan, and there's access to specialists on the Johns Hopkins hospital staff.

A Connecticut General spokesman says the company hopes the Columbia HMO project will "show us how to meet the problems of medical care without losing our shirt."

The company wants the service to be profitable, but at this point says it's not. "We're optimistic though," the spokesman says. He says Connecticut General plans another HMO in Phoenix, Ariz.

Companies outside the insurance field—Texas Instruments and Whitaker Corp., for example—also are looking into the possibility of running HMO's for profit.

Another aspect of business involvement in HMO's is the Twin Cities Health Care Development Project, which is aimed at fostering HMO's in Minnesota's Minneapolis-St. Paul area.

Local banks, and insurance companies and other major firms which have ties to the area, are providing \$40,000 each to start the program with a total fund of \$800,000.

Rejecting the idea of one large HMO to serve the area, the project seeks to stimulate development of several, so as to give local consumers a wide range of choice and introduce a competitive factor, with the vari-

ous HMO's vying to offer the best deal to prospective members. At last count, five organizations were to be in operation by the end of the year. Eight others were on the drawing boards.

The role of the development project is to help the various HMO's over the difficult period of organizing and getting into operation, according to Warren Eustis, project director.

"Escalating costs and lack of quality control got many companies interested," says William R. Humphrey Jr., a General Mills, Inc., vice president. His company along with Control Data Corp., Honeywell, Inc., Minnesota Mining and Manufacturing Co. and Pillsbury Co. are some of the big-name businesses backing the project.

Adds James Hetland Jr., vice president for urban development of the First National Bank of Minneapolis:

"The approach of having several HMO's was a big factor in the idea's being accepted by members of the medical profession. They can develop their own plans and not feel it's being dictated to them."

## A concept on trial

Roger Wheeler, a Control Data vice president, voices the feelings of many in the Twin Cities business community that the HMO concept will be on trial.

"We hope to get something produced in a year and a half to two years," he says. "Health care is a very high-cost area for us. We want to lower it. We would like to find some alternatives. We want more choice for our employees."

Before businessmen chuck their present employee health insurance and rush out to jump on the HMO bandwagon, however, it's important to realize there are plenty of unanswered questions about implementing the idea.

While there have been some bright successes for the HMO concept, there are many uncertainties about getting an HMO off the ground. Some critics question whether HMO's can successfully function financially when faced with enrolling cross sections of the population.



How many older people or families with small children, for instance, can an HMO accommodate? Such members may often put a heavier drain on an HMO than a group of middle-aged working people.

Other vital questions revolve around how many services to offer, how to price the plan and how to market it. The Administration has been hoping the early federal funding of HMO projects will turn up some experiences in these areas.

Attracting members in sufficient quantities is another concern. One estimate is that 30,000 is the minimum number of members needed. Beyond that is the question of educating people to the concept of preventive care; to get shots and regular checkups and the like. Even more extensive efforts would be required to get residents of big city ghettos and the countryside (two areas where medical care is in short supply) to accept the HMO idea.

Doctors, too, would have to make adjustments in working under a fixed fee, group practice system. A new corps of "paramedics" and competent administrators to run HMOs would have to be developed, it's believed.

Also, there's a conflict on the role of profit in HMO proposals. One approach is that "it's immoral to make a profit from health care." But, as one company executive in the field puts it, "It doesn't poison the product if it's profitable."

Clark C. Havighurst, a Duke University law professor who has analyzed the HMO concept, argues that quality controls might be advisable to prevent excessive economizing in patient care.

The Nixon Administration seems to have made a strong commitment to the HMO idea as one way to cope with the country's health problems. John G. Veneman, under secretary of Health, Education and Welfare, says the aim is to make the HMO available as an alternative to about 90 per cent of Americans by 1980.

If that goal is realized there are bound to be far-reaching changes for patients, doctors, hospitals, insurers and businesses that supply health insurance to their employees.

END

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# Group Thinking: A Pitfall for Any Company

Executives who swim against the tide can keep your business buoyant; how do you get them to do it?

*Handwritten signature*

"If two men in a company think exactly alike, one of them is expendable."

That quip touches on a very important business truth: Companies may pay many managers and many supervisors, but get only a single, diluted composite opinion.

While the checks and balances that evolve from group thinking may contain certain safeguards, they exact a heavy price in the form of duplication and stagnation.

Finding out how your management team's judgments are affected by the pressures of group interaction may be a long step toward a surge in company performance.

Research that has been going on for a good many years proves two troublesome points:

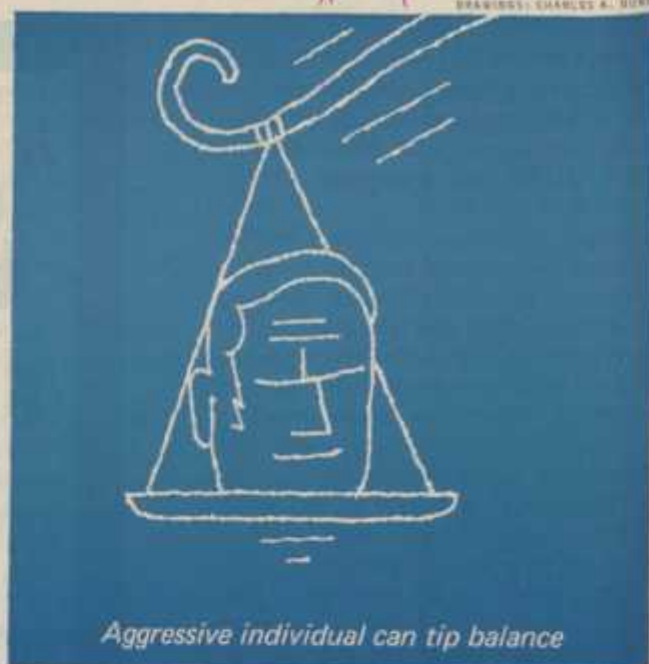
1. Many people are prone to change even their firmest views in order to fit in with the majority opinion.
2. Others have the opposite trait of refusing to be caught changing their minds publicly, even in the face of new evidence.

There are constructive lessons to be derived from this. You can learn to understand yourself better and to make more rational decisions in the face of group pressure. And you can develop methods for getting clearer thinking and better follow-through from any group that you are directing—in your company or even in a club or civic situation.

First, a few basic facts about how any one of us may find his judgment influenced by the words of others. Think about the people in your own office as you read the following account of how the research into this subject first started at Swarthmore College.

In the 1940s, Prof. Solomon E. Asch began measuring how well an individual can "swim against the tide" by performing a simple experiment with groups of from seven to 15 persons.

One person in each case was the "guinea pig," but



didn't know it. The others all were "in" on what was going on.

A line was drawn on a blackboard. Then, on another blackboard nearby, three more lines were drawn—one just like the first, the other two so different in length that there could be no optical illusion of similarity.

Everyone was asked: "Which of the three lines is the same length as Line A?"

And everyone would answer correctly: Line C. But then the question was asked again, and almost everyone would start to change his answer to Line B.

As the query was repeated and more persons shifted, would the guinea pig stand firm, or be swayed by the others?

This experiment was performed hundreds of times, and over 36 per cent of the guinea pigs actually turned away from the clear facts in front of them and switched to Line B. When asked why, most said they thought their eyes must have played tricks on them. But some honestly admitted they found it "embarrassing" to be different, and others said they were willing to shelve their own opinions "in the interest of a uniform result."

The fact that one out of three persons will go against the evidence of his own eyes if enough others oppose him is confirmed by a common courtroom occurrence. Experienced lawyers know that a witness to an accident often is swayed by what was said after it occurred.

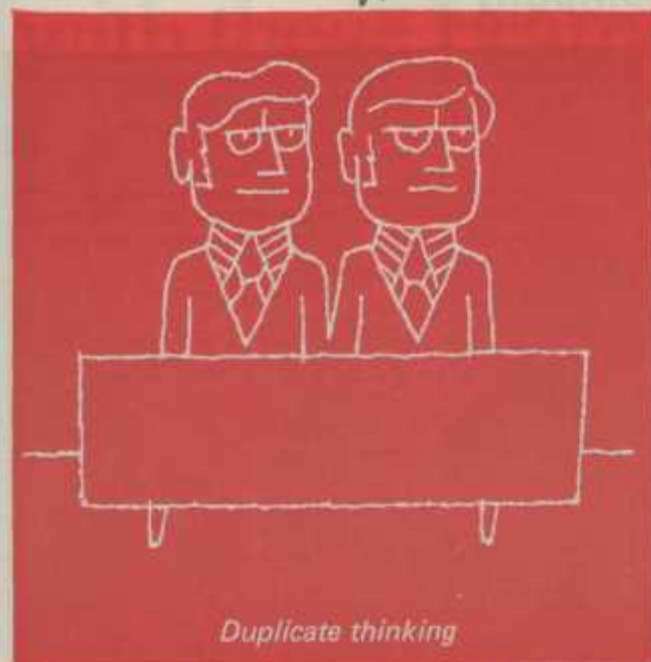
"If several people leap from one car and shout convincingly about the wrongs of the other driver, the witness may lean toward that view, regardless of what he actually saw," says one trial lawyer.

## Three becomes the crowd

Variations of the Asch experiment showed that a vote of two against one had little effect. But when a third person joined the two, the individual left alone weakened greatly.



Have



Such a follow-the-pack behavior pattern was clearly observable in a recent committee meeting at an important tool company.

Eight executives were discussing the possibility of either setting up manufacturing facilities in Europe or licensing a European firm to use the company's patents and know-how. The president stated the alternatives, but tried not to show his own inclination. Then he asked for comments.

One senior man said he couldn't see draining off the firm's high-level manpower by sending select executives and engineers to start operations abroad. Then an aggressive younger man took the opposite view.

"This would represent only a temporary drain," he argued, "whereas licensing a foreign firm would mean a permanent decision to leave the company's technology in the hands of outsiders."

Two other executives nodded in agreement.

"And you could feel the whole room tip over in that direction," says a man who was present. "After that, everyone—including the first executive who had spoken against a foreign operation—gradually melted in with the notion that such a plan would be preferable to licensing. Right or wrong, the licensing idea never got any real consideration."

It is not at all derogatory to assume that something similar to this often determines how you and your colleagues line up when matters of judgment are involved. Such reactions are normal.

### **Inflexible—and irrational**

If a third of any group is willing to let its thinking be warped in order to conform, that still leaves two thirds who resist such pressure.

But are those two thirds really thinking for themselves? Not necessarily.

Tests have shown that many people are very reluc-

tant to shift away from a stand that others have seen or heard them take. They are just as subject to group pressure as the wishy-washy ones, for they let the group force them into an irrational stiffness.

Not long ago a number of people listened to a lecture giving strong arguments against reduction of the voting age, and each person was told to write an essay stating his own views.

Some were instructed to sign their names to their essays, and the position they had taken was made known. But others were allowed to remain anonymous, so that none of those around them knew which side they were on.

Then the whole group was given another lecture, strongly favoring a cut in the voting age. After that, each listener was asked to state his position openly. The ones who had been anonymous before were much more ready to change their views; those who had taken a firm public stand earlier were very stubborn about clinging to it, despite the new arguments they had heard.

It seemed to boil down more to concern with appearance than with the issue. When the order of the lectures was reversed, the results were about the same.

Firmness is one thing—a good thing. Phony consistency, just to impress others, is different and all too prevalent.

While a lot of people will switch to join a majority, many others refuse to be caught in the act of changing their minds—even when the new evidence warrants fresh thinking.

So in any typical management group, there is considerable danger that well over half the members are failing to reach or to give their own best opinions. Many of these people may have a capacity for sound judgment, but this gets blotted out whenever they are part of a team—as nearly everyone in business is.

### **Straightening yourself out**

But there are ways to make big improvements in our performance along these lines.

For one thing, by knowing that the principle of group pressure works on everyone to some extent, each of us can look at his own reactions and upgrade his ability to stay in balance between the extremes of conformity and inflexibility.

Self-examination is always the toughest of exercises. It is probably not possible to be entirely objective on the question: "Am I an independent thinker or a conformist?"

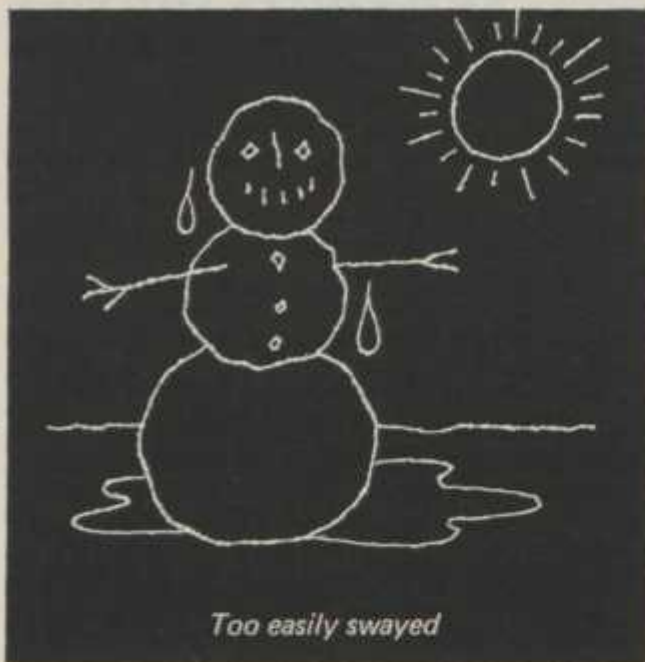
For that matter, there may be no one correct answer. Most persons can be self-assured in one situation or on certain subjects and yet cling to group thinking in other cases.

But we can give ourselves a better answer about a specific instance. Each of us does know privately how he reacted at a meeting. Pick several such recent events, and ask yourself:

- Did I form my own independent conclusion?
- Did I say it openly and clearly?
- If not, was it because there is any real danger that



## Group Thinking: A Pitfall for Any Company *continued*



*Too easily swayed*

an independent opinion might jeopardize my position? (In which case the problem may be quite a different one, caused by other people's reactions, rather than your own.)

- Or was it because I just didn't feel like making the effort to think things through or take a stand?
- At these recent meetings, have I changed any previously stated opinions? (If not, you'd better consider the possibility that you are being stiff, rather than firm. Circumstances are constantly shifting in the business world, and it is unlikely that all of last year's judgments are the best possible ones today.)

### **Straightening others out**

You can also put these principles to good use in getting fresh and constructive thinking from your colleagues.

First, there is the problem of ensuring that each person feels as free as possible to say what he thinks. One good rule to follow whenever a subtle question has to be decided is: Make sure that each person on your team gives you his opinion in a private two-man conversation, before there is any meeting.

Some business leaders make it a practice at meetings to be silent on any issue until their subordinates have spoken, so that the subordinates can't merely say what they think the boss wants to hear.

It is often equally important to avoid any meeting at all, so that the third, fourth and fifth men who speak don't merely paraphrase the views of the first two. It takes a little more time to have separate talks, but on important questions it can pay. Later—after the opinions are on the record—you may want to hold a meeting to thrash out details, to compromise deadlocks, or to make sure that everyone knows what is expected of him.

Second, there is the problem of occasionally encour-



*Seek opinions privately, first*

aging each person to rethink and perhaps alter his opinions on the basis of logic—but *not* simply to veer toward others. Here the tightrope between conformity and stubbornness has to be negotiated.

The best method, in the opinion of many practical psychologists, is to make it clear that you've come to a moment for reassessing all the facts. State plainly that you see no merit in either affirming or changing an earlier view, but that the only merit is in balancing the pros and cons as of now. It sometimes helps to mention some change in your own opinion, if there really is one. This may encourage others to abandon a stiff posture.

But continue to ask each person why he either is keeping or discarding his previous views. Drawing him out on his reasons will discourage any lazy lapse into group thinking.

Every test made in the years of research on this subject has confirmed that any group or team is like a living thing. Each person in it has the power to influence others, to tip the balance and to determine whether a right or wrong turn will be taken. Not only as a boss, but also as a team member, you can have a part in the choice.

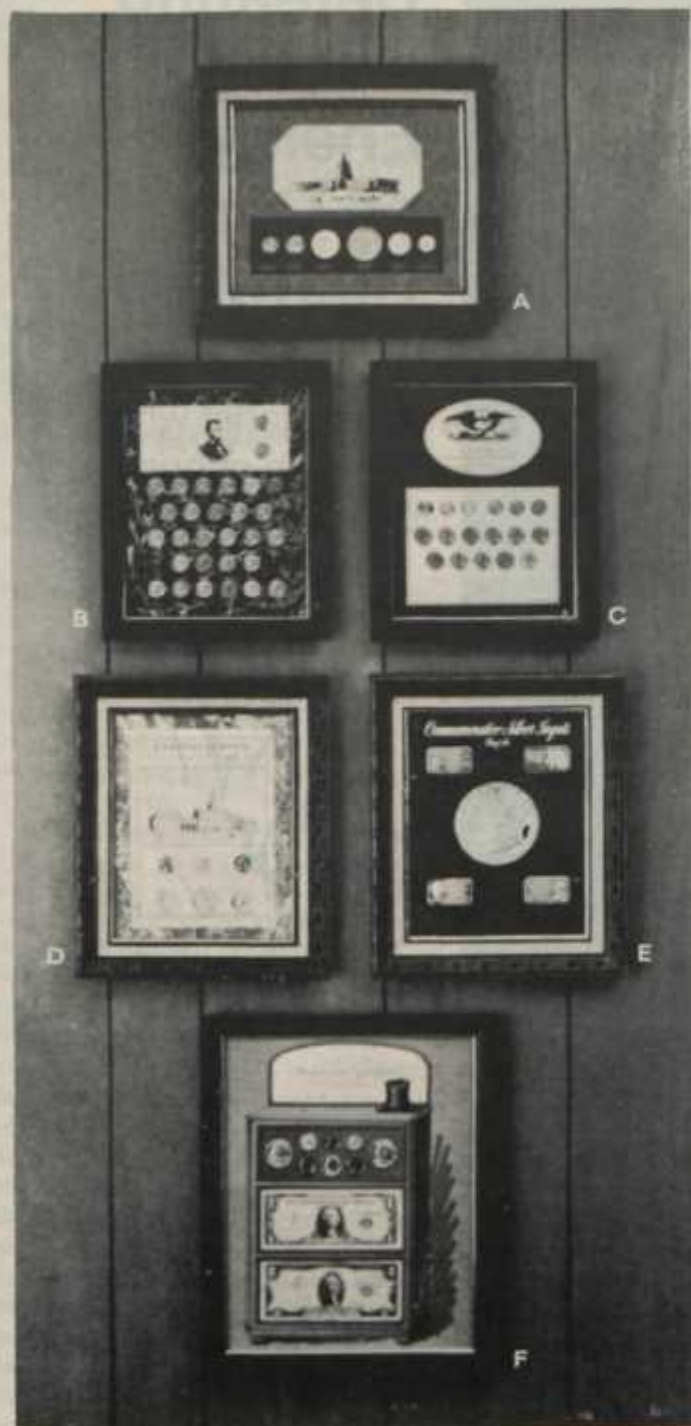
And since each group is different, there is a lot of leeway for you to make your own findings about the interaction among your particular set of colleagues. By being alert to the basic principles stated here, you can adapt them to the situations you face, moving yourself and your company toward more dynamic performance.

—CHARLES A. CERAMI

REPRINTS of "Group Thinking: A Pitfall for Any Company" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.



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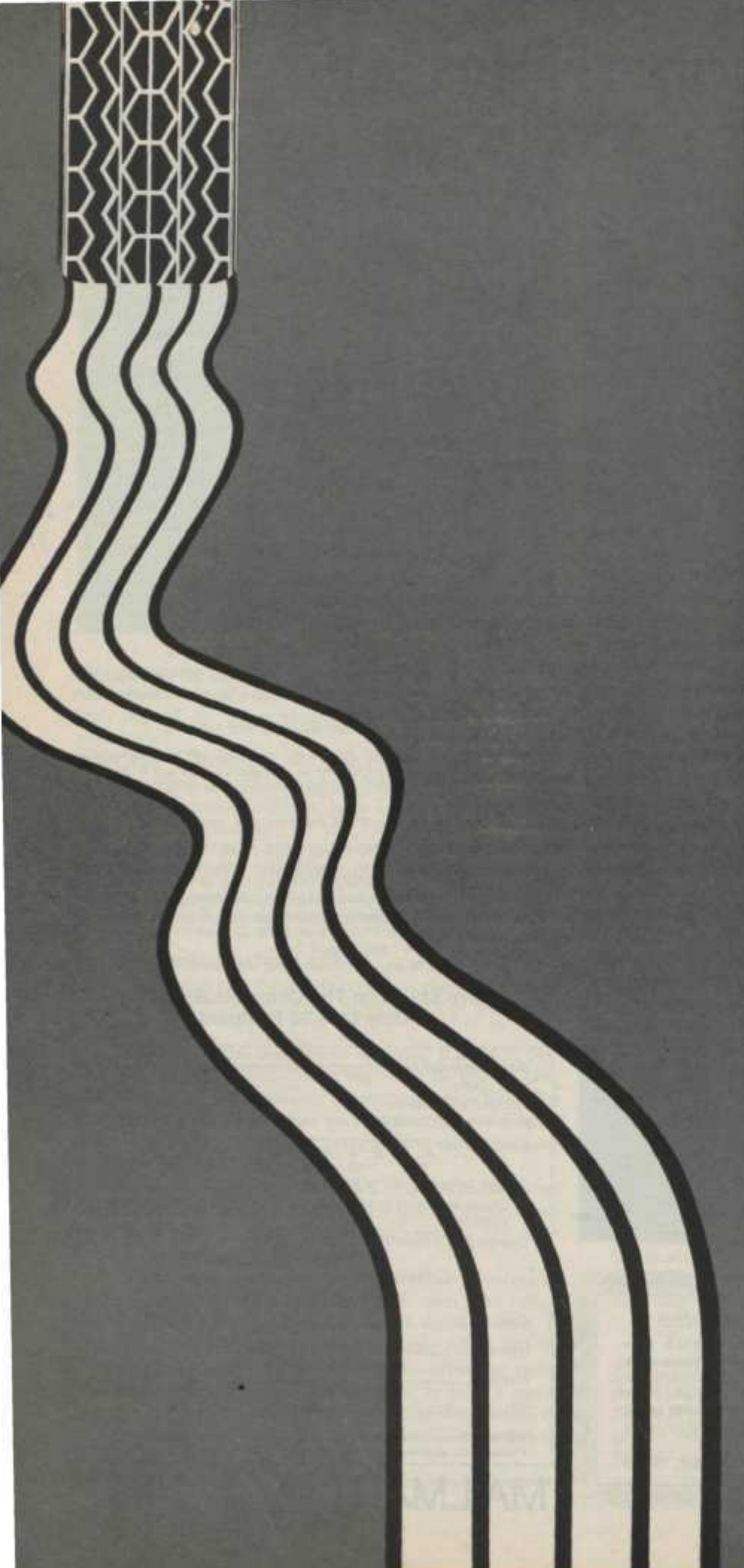
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## Defeating a Deadly Enemy on Our Highways

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commits offense after  
offense after offense

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This country has been involved for many years in an undeclared war on its highways.

The conflict has been extremely costly.

Last year, for example, the death toll on our roads totaled 55,000—one fatality every 10 minutes. In addition to the loss of lives, automotive accidents in 1971 cost the public nearly \$4 billion in lost wages, more than \$1 billion in medical expenses, nearly \$5 billion in property damages, millions of hours of lost productivity, and immeasurable amounts of personal suffering.

Many of those accidents may have been unavoidable. However, more than half were caused by reckless, irresponsible drivers classified as "habitual offenders."

This kind of motorist traditionally has been protected by public apathy and even unawareness of his existence.

However, as part of a public service campaign to reduce automotive fatalities, the National Association of

ILLUSTRATION: AND DUBOIS



Insurance Agents has mounted a major drive aimed at unveiling the habitual offender, and ultimately removing him from the highways.

According to research compiled by the Consumers Insurance Information Bureau, an organization sponsored by the 150,000-member NAIA, chances are that the habitual offender is either a drunk, on drugs, or has serious psychological problems. He invariably has many serious violations on his record. He may even have lost his license—but that hasn't kept him off the road.

### 25 arrests; still driving

An example of just how habitual an offender can be was offered by the Indiana State Police Department.

This driver was a 49-year-old, married man. In 11 years he had been arrested 25 times for traffic violations. His record included 10 arrests for drunken driving, 10 for driving under suspension and others for speeding, reckless driving, running a red light, signal violation and failure to display plates.

He had been arrested an average of 2.3 times a year, and had held his license legally for only three months during the 11 years. But he continued to drive.

Most safety experts agree that bad and dangerous drivers were the major culprits behind at least half of those 1971 auto fatalities. That means they caused 27,500 deaths. And drunken drivers make up the largest single group in the habitual offender category.

America historically has been the least restrictive of nations on many issues. But when you compare her treatment of drunk drivers to that in some other countries, which are far tougher on them than she tends to be, she may be accused of fatal permissiveness on the highways.

In Sweden, for example, a suspected drunk driver must take a breath or blood test to show how much alcohol is in his system. If the amount is above the legal limit, he immediately—and automatically—goes to jail for 30 days.

What's being done to get the habitually offending drunk driver off U.S. roads?

Not enough, obviously, when one considers that automotive deaths, which dropped 1,400 between 1969 and 1970, began to move upward again last year. Danger signals also were hoisted when the first-half figures for 1972 showed highway fatalities running ahead of 1971.

So far, no safety program has succeeded.

### A weapon that works

What has succeeded is a habitual offender law as enacted in Virginia in 1968. Virginia highway deaths decreased from 1,304 in 1969 to 1,206 last year. New York State, without such a law, set a tragic record for highway deaths in 1971, with 3,227.

Fundamentally, a habitual offender law identifies the hazardous driver, and removes his driving privileges on the basis of a specified number of convictions and period of time within which they may be committed.

Fifteen states now have such laws on the books. Seven were passed in 1972 and four others in 1971. Most specify that conviction of three major

offenses and 10 or more minor offenses within a period of years—the number ranges from five to 10—makes a driver liable to be judged a habitual offender. Such a judgment calls for a license suspension of from two years to life.

Most laws set mandatory prison terms for those brazen enough to be caught driving afterward. As a result of the Virginia law, at least 36 offenders are now off the roads and in prison.

We believe that if every state had a similar law, strictly enforced by the police and courts, fatalities would be significantly reduced. Virginia is not the only barometer. By virtue of a "get tough" policy in Cook County, Ill., highway deaths were reduced 32 per cent in just three months last year.

It can be done. If we're going to win this war and make the nation's highways safer for responsible citizens, it must be done. **END**

ALEM L. (BUD) LABAR, author of this article, is president of the National Association of Insurance Agents, Inc.



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## Those Craft Boards Are "Strictly Male" No Longer

"It took about six months to get them to believe I was more than just an ornament," says 25-year-old Deborah Imle.

Miss Imle was describing her experiences as the only woman to sit on craft boards that review construction industry labor contracts and report to the Construction Industry Stabilization Committee—which was set up in March, 1971, to try to put a lid on skyrocketing building costs.

A 1968 graduate of the University of Illinois, where she studied music, Deborah had no idea when she came to Washington four years ago that she would be working in a field she views as "strictly male."

It happened after she took her second Washington job, as a secretary for the International Association of Wall & Ceiling Contractors (and began after-work studies at American University toward a master's degree in business administration). Her duties at the Association branched out considerably from the secretarial area.

With the advent of the stabilization program, Deborah became involved in digging out information for members on CISC. "There were a lot of problems and confusion," she recalls.

Jurisdictional disputes among unions working in the wall and ceiling area also required rounding up information. With such trades as lathers, plasterers, carpenters, bricklayers and laborers involved in wall and ceiling work, conflicts over who does what are common.

Today, Deborah speaks for her organization on four boards—for plasterers, lathers, laborers and carpenters—which are among those that go over each new construction contract and, hopefully, keep it in line with CISC goals on levels of wages and extra benefits.

Each board includes representatives of both management and labor.



*Debbie Imle serves on four union-management boards that are part of the effort to hold down labor costs in the construction industry.*

*She's done a tremendous job for us," says her boss, Joe M. Baker Jr., executive secretary of the Association. On the spot because of a staffer's resignation as the stabilization program was getting under way, Mr. Baker sent Deborah to early meetings just to represent the Association.*

*"She didn't just sit there, though," he says. "She's really been able to grasp the problems intelligently."*

*Mr. Baker feels Deborah has voted correctly on all but a few minor questions.*

*Deborah says she spends a lot of time preparing for her boards' meetings by studying terms in contract settlements around the country. In an average session, a craft board will review 10 to 35 new contracts.*

*Being the only woman on the boards has had its awkward moments, she says. "At first the atmosphere was rather stiff because they didn't know how to treat me," she recalls. "And I'd get some funny looks. Or they'd think I was there as a secretary."*

When it dawned on the men on the boards that she was a full-fledged member, she reports, some would chuckle and say "I would inhibit communication. They said they'd have to be careful of what language they used. I told them to feel free to say whatever they pleased."

Deborah is from Hillsboro, Ill., a small town where her mother manages the family-owned Red Rooster Inn. "I functioned at one time or another as maid, waitress, room clerk, bartender and barmaid," she recalls. Her dad, a lawyer, has run unsuccessfully for Congress.

She received her M.B.A. degree last spring with a 4.0 average out of a possible 5.0. At this point, she leans towards a career in the labor relations area.

Is she Women's Liberation material? Well, not exactly. "I believe in equal pay for equal work," she says. "But I don't agree with a lot of their harshness." On the other hand, "I know I couldn't sit back and be a housewife."

END



## Those "inside" inns of Spain and Portugal

*Paradores* and *pousadas*. They're the "insiders' " inns of Spain and Portugal. To promote tourism, the two countries' governments supervise these superb lodging places on a break-even or loss basis. The governments' loss is the tourists' gain.

Many such inns are restored castles or monasteries dating back to the Middle Ages. They're furnished and decorated with genuine antiques.

My wife and I recently visited some of these Iberian inns and found them to be a truly exciting travel bargain. Get this. Our average expenditure for a day's lodging for two was \$18. It included: deluxe room with balcony and view; most tips, taxes and service charges; and breakfast and dinner. The meals are something special.

At the *parador* in Jaén, Spain, which is a restored mountaintop castle, our big meal consisted of: *entrées variadas* (22 little dishes of meat, cheese, seafood and vegetable tidbits), fish course (delicious hake with light sauce), main course (beef or turkey concoctions) and dessert (fruit or pastry). Don't forget the wine. That was included too.

You feel somewhat like a boa constrictor after one of these gastronomic events and should set a limit of one a day (they offer such meals at both lunch and dinner).

Even more spectacular than the extraordinary accommodations and meals are the views from many inns. At the *pousada* in Serpa, Portugal, a converted convent, we could sip a dry port in the evening and look out over rolling hills of olive groves from our private balcony. It was so still, all you could hear was the faint tinkling of bells on the necks of grazing donkeys.

From our *parador* balcony in Avila, Spain (not far from Madrid), we could see the Eleventh Century

"great wall" that surrounds the city.

The best way to visit these government inns is to rent a car in either Lisbon or Madrid and head out from there after seeing the local sights. You can get directions and all sorts of help, including confirmation of *pousada* and *parador* reservations, from your hotel's concierge (*conserje* in Spanish and *conciêrge* or *receptionista* in Portuguese). He's the man to see. Tip him from 50 cents to \$1 in equivalent local currency for each bit of special assistance he gives.

You need advance reservations for the *pousadas* and *paradores*, especially in the peak spring and summer seasons. Your chances of getting choice reservations on shorter notice are better in fall and winter when most tourists have gone home. October and November are beautiful months in Spain and Portugal.

You can get reservations for the Portuguese *pousadas* through your travel agent. The Spanish *paradores*, however, require direct communication. You can get the booklet, "Spain—National Tourist Paradores and Wayside Inns," by phoning or writing one of the Spanish National Tourist Offices (New York, San Francisco, Chicago, Miami, St. Augustine). Travel agents should have the addresses.

For the Portuguese *pousadas*, you can get the booklet, "Pousadas de Portugal," by writing: Casa de Portugal, 570 Fifth Avenue, New York, N.Y. 10036.

Some final tips:

- You don't need to take a lot of clothes. Inexpensive, same-day or one-day laundry and dry cleaning service is available. Do take your own "T&T" (toilet paper and tissues). Some Iberian brands have the consistency of either wax paper or crepe paper. Also, take an electrical gadget kit that converts flat-pronged plugs into round ones and converts electricity into 115 volts.

- You can avoid possible drops in the price of the dollar by getting Swiss francs, which are steadier in international exchange and which are welcome everywhere in Iberia. They are available in traveler's check form.

Don't cash your traveler's checks at your hotel or inn. Cash them at the nearest *banco* or *casa de cambio*, which saves you money.

## Buying a car abroad

If you decide to buy a car overseas and bring it back with you, make sure it complies with the pertinent U.S. safety and emission standards. If it doesn't—and many don't—our customs inspectors won't let it in without expensive modifications.

If you don't want to make a deal through the local representative of a foreign car manufacturer, you can get necessary import information by writing the Bureau of Customs, P.O. Box 7118, Washington, D.C. 20044.

## Avoiding jet jitters

When you take an evening flight to Europe, you arrive in the middle of the night—your time—while the Europeans are eating breakfast and hustling off to work. If you don't take steps to adjust to this time lag, it can make you ill for a week or so.

According to Gay Gaer Luce, who wrote the book "Body Time," you should immediately try to think local time and "muddle through the day" until exhaustion drives you to sleep in the early evening hours. Then, wake up the next day and take breakfast on local time.

The earlier the flight you can book, the better. On an evening flight, try to resist most of the airline's tempting, heavy meal with the accompanying parade of drinks. Skip the movie and get to sleep early. An eye mask and wax earplugs helped me.

During the first two or three days abroad, order simple foods you know—and then only a fraction of what you normally eat. This will help your "confused" stomach adjust. And don't schedule energetic activities during these few adjustment days.

MR. WEAVER writes a syndicated newspaper column on personal finance, and has a radio program which is broadcast by more than 100 stations.



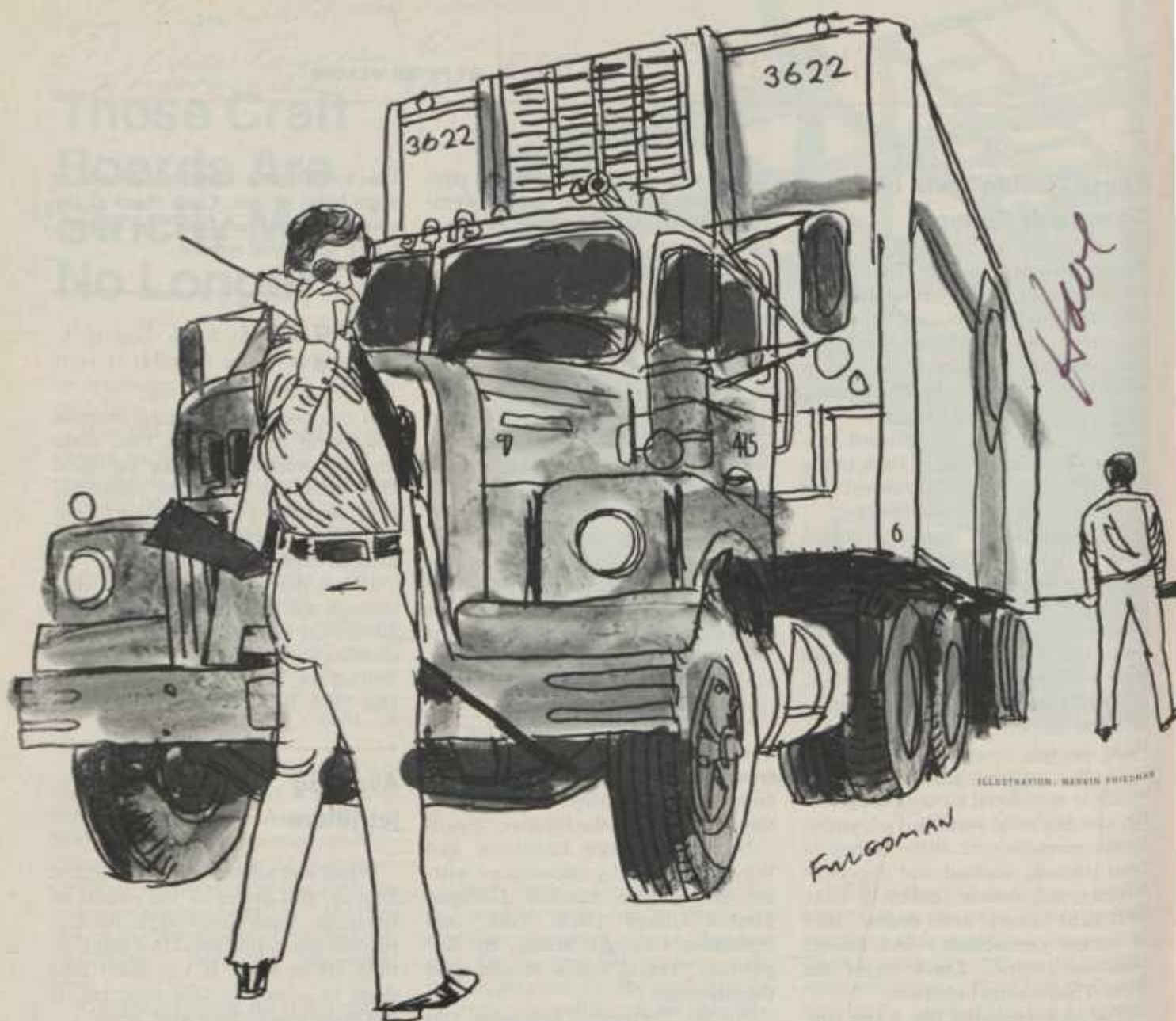


ILLUSTRATION: MARVIN FREIDMAN

## Crime: A Crushing Burden for Shippers

The transportation industry has been staggering under an increasingly heavy load of losses from hijackings and thefts—losses that are costly for all of us

A trucking firm has cut its losses from hijacking to one half of 1 per cent of its annual gross revenues of \$3 million—an amazing record for trucks traversing the streets of Greater New York.

But the price of success hasn't been cheap.

Nelson Distribution Corp., of Secaucus, N.J., sends its trucks out in convoy fashion under the protective surveillance of a helicopter. Sometimes they are followed by armed guards. And the trucks are equipped with a Space Age kind of gadget that alerts the home office to unscheduled openings of truck cab doors.

Hijacking has become a multimillion-dollar fact of life for the trucking industry. Still, it accounts for only part of the staggering losses in



this country every year from cargo theft and robbery.

New federal regulations require the transportation industry to file for the first time quarterly reports on losses. Experts on cargo crime believe the reports will show the annual take is now hovering at the \$2 billion mark.

The trucking industry is the No. 1 victim—over \$900 million in stolen merchandise in 1970 alone, the last year for which complete figures are available. That includes everything from a small hand tool to a truckload of valuable furs.

American transportation, in all its forms, is in the grip of a crime wave. While overall crime increased 11 per cent in 1970, transportation crime shot up 23 per cent.

Railroad losses amounted to \$250 million in 1970, some \$210 million in merchandise disappeared from ships and docks and the airlines were hit for \$110 million. With trucking industry losses, it all adds up to a horrendous \$1.47 billion.

President Nixon has called for an all-out assault on the spreading menace of cargo crimes. He told a government-industry conference studying the problem that they "contribute to organized crime, erode profits and insidiously add to the costs of the products we purchase."

### **They're fighting back**

Until recent times, the transportation industry looked upon cargo crime as an accepted part of doing business. Businessmen tended to shrug it off as a theft tax, involuntary profit-sharing, shrinkage or overhead. But trucking, maritime, railroad and airline officials now realize it's a growing burden too staggering to ignore. They are trying to do something about it.

The Senate Small Business Committee has been investigating the problem for three years and the picture emerging is not a pretty one. Secretary of Transportation John A. Volpe says:

"At last we are beginning to see the tightly knit circle of fear, intimidation, bribery, blackmail, threats, pay-offs and rewards that spawn crime in transportation."

While the direct cost of these cargo losses is placed at \$1.47 billion the

indirect costs are much higher—perhaps as high as \$5 billion to \$7 billion. Huge sums are tied up in claim processing.

The competitive market position of manufacturers and retailers is severely weakened in the face of these losses. Insurance rates are escalating and the cost of beefing up security runs into hundreds of millions of dollars.

No company—large or small—is immune from this insidious assault on its property. Not all of it is professional. Thousands of otherwise loyal employees walk off with millions of dollars worth of merchandise.

Still, looming large in the picture is the giant shadow of organized crime. Only organized crime, with its vast outlets, is equipped to dispose of such huge amounts of stolen property.

Gilbert H. Meyer, chief special agent for the American Insurance Association, told the Senate Small Business Committee:

"I think many of these things are stolen on order and are handled by organized crime. The markets are already established and the property is absorbed into our economic system just like a huge dry sponge. It just sucks it all up and it disappears."

Take, for example, the recent case of a truckload of coffee hijacked just outside New York City. The truck was taken at 4:30 p.m. By 5:15 p.m. the coffee was being sold in a supermarket at \$1.34 for a two-pound can. The normal price is about \$1.89.

Or the case of another hijacking—this one involving a truckload of television sets. Within two and a half hours after the robbery, again near New York City, the sets were on display in a discount store.

Truck hijacking is now more lucrative than bank robbery. Last year the average loss in a bank holdup was about \$4,500. Truck losses average about \$47,000, and frequently top \$100,000.

Nelson Distribution Corp., which uses helicopters and electronic gadgetry to thwart hijackers, was forced to put muscle in its cargo security system after losing several costly loads of merchandise.

Its trucks are a prime target for hijackers since they carry nothing but

clothing—from \$100,000 to \$125,000 worth per truck.

Leonard Martin, president of Nelson, reports his company now spends \$130,000 a year for security of all types. It's costly protection: About \$100 a day goes for renting the helicopter. But the company's hijacking losses have dropped from roughly \$75,000 a few years ago to \$15,000 last year.

Losses for garment carriers in the New York area generally average from 4 to 6 per cent of their gross revenue, compared to Nelson's half of 1 per cent.

### **Convoy duty**

Each morning a convoy of about 15 trucks leaves the Nelson warehouses in Secaucus for various retail outlets in Greater New York. On the top of each truck is a huge block number and on the sides iridescent identifying stripes. The helicopter service is alerted when the convoy starts out.

"The pilot has a route map and knows where each truck is bound," Mr. Martin explains. "As one peels off from the convoy, the helicopter follows and makes sure it gets to its destination. Then the chopper returns to the convoy and repeats the procedure with each truck until they all have arrived safely."

When weather prevents helicopter surveillance, armed Nelson security officers ride behind the convoy in unmarked company cars.

Nelson has had specially designed for its use a remote ignition immobilizer which is being installed in all its trucks. If either door in a truck's cab is opened, at any time between its leaving company headquarters and arriving at its destination, a radio in the truck signals this fact to company headquarters. An operator simply presses a button and the truck engine cuts off.

"All this is expensive, but we enjoy the lowest insurance rates in Greater New York," says Mr. Martin.

New York police are eying the helicopter for more widespread use against hijackers. In conjunction with the Department of Transportation, they are experimenting with a system in which police copters are sent whirling out to find trucks which



## Burden for Shippers *continued*

haven't reached their destination and are presumed to have been hijacked.

According to Sen. Alan Bible (D.-Nev.), chairman of the Small Business Committee, many companies are victims of cargo theft due to their own carelessness or indifference. He cites such factors as messy paper work, inefficient physical security measures, lack of uniform reporting and identification procedures, and lax personnel policies.

Interstate Commerce Commissioner Laurence K. Walrath agrees.

"The most effective means of reducing the number of offenses," he says, "is to prevent them before they occur. It is our view that many thefts of transit goods are really crimes of opportunity which could have been prevented by reducing the opportunity and the temptation."

No one knows that better than Robert F. Cudak, who picked up a newspaper one day and saw an airline advertisement for a ramp man at New York's Kennedy International Airport. He applied for the job, was fingerprinted and questioned about his background. During the interview he was unable to show identification because, he said, he had just lost his wallet.

Cudak's story was accepted and he was hired.

Presumably, his fingerprints were never run through the police or they would have shown he'd spent several terms in prison.

"Within three days I noticed the laxity in security for value boxes of Railway Express and Air Freight," he was to testify later before the Senate Permanent Investigations subcommittee. "Shortly thereafter, I stole something from Air Freight and that was the beginning of my career as a thief in airports in New York City and elsewhere."

During the next four years he and several confederates stole some \$100 million worth of merchandise at airports across the country.

Cudak told the subcommittee he and his gang rifled airport sacks at least 125 times. On one occasion they stole an entire truckload of mail and parcel post packages. They made off with stocks, bonds, furs, jewelry, cash, credit cards, checks and anything else that wasn't bolted down.



Laying hijackers low: Helicopter escorts for convoys of trucks.



Most of the merchandise was sold to "fences" who in turn moved it through well-established channels of organized crime, Cudak testified.

He was paroled last January after serving less than two years of a seven-year term for interstate theft.

Because of the international nature of much of the cargo shipments moving through Kennedy Airport, the skyrocketing volume of thefts there forced the Treasury Department and its Bureau of Customs into action. Their system has been effective at Kennedy and other international ports of entry.

The Department issued regulations requiring improved security for high-risk cargo and reporting of losses by commodity and by location. At the same time, it beefed up its enforcement personnel.

At Kennedy, cargo losses plummeted from \$3.4 million in 1969 to \$568,000 in 1971—a drop of 83 per cent. In the first half of 1972, losses were reduced to about \$200,000.

As part of this improved enforcement procedure, Treasury agents in Miami seized a suitcase containing \$2.5 million worth of heroin. In the ensuing investigation agents broke up a ring of cargo thieves, many of its members employees of airlines.

In New York, Treasury agents

teamed with New York police to crack two truck hijacking rings. Eight persons were arrested and two truckloads of electronic equipment valued at \$105,000 were recovered.

In other areas of transportation, however, the crescendo of cargo crime continues to rise. Some motor freight carriers refuse to haul high-value cargoes that are attractive targets for criminals. One trucking firm, for example, ordered a quantity of merchandise and stipulated to the manufacturer it had to be shipped by some other carrier.

The company explained it was too vulnerable to hijacking if carried in its own trucks.

It is true that much of these cargo losses are covered by insurance, but as losses increase, so do insurance premiums. Freight Traffic Services, Inc., recently conducted a survey on the subject. It found 33 out of 89 manufacturers, in 1969, had their premiums increased an average of 67 per cent in a six-month period because of thefts. Of 38 manufacturers whose insurance was canceled, five were turned down flatly by other insurance companies.

The Department of Transportation is trying to convince air, sea and land carriers that there are advantages, besides reducing or eliminating losses,



# Advertisers in This Issue

to strengthening their cargo security.

"We are urging businessmen to consider the profit potential," says Richard F. Lally, director of DOT's Office of Transportation Security.

"For the average trucking company, for example, a \$1 increase in operating revenue provides about a two-cent increase in profit. But a \$1 reduction in cargo claims can provide as much as 50 cents increased profit."

Still, every time a technique has been introduced to prevent cargo crimes, artful crooks have found a way to get around it.

Some electric alarm systems, for instance, are not foolproof.

Anyone who has a little experience in electric circuitry can render them ineffective with a simple metal clip or piece of wire.

Watch out for the alarm system which depends on the telephone line to transmit a signal to burglar alarm

## A Silver Lining

The high cost of protecting business property is graphically shown in the growth of the three largest firms in the field of providing security manpower.

In the past 10 years, gross revenues of Pinkerton's, Inc., have risen from \$42.7 million to \$149 million; of Burns International Security Services, Inc., from \$38.6 million to \$128 million; and of Wackenhut Corp. from \$5.4 million to \$55.7 million.

headquarters. If the phone is in use the system won't work—as many thieves already know.

A crook with imagination can steal almost anything. One man who worked as a carloader at a Midwest rail terminal would remove the shipping tags from crates of raw furs and put on new waybills. The furs were then shipped to what sounded like a reputable company. But it wasn't a company; it was the crook's residence.

At home, he repacked and re-addressed the furs, which he sent to legitimate fur dealers in Illinois, Missouri and New York, among other places. He had discovered this market by reading ads in trade journals.

END

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# Why It's Fair Weather for Norway's Shipping

In a little country whose merchant fleet has grown gigantically, union and management agree: "We're all in the same boat"



The Wilhelmsen Lines' Tom Wilhelmsen "cannot conceive" of a strike in his industry.



Two years old, the tanker Synia is almost middle-aged by Norse maritime standards. She has a deadweight tonnage of 226,400—many times the weight of tankers of a generation ago, but less than that of newer giants.

While the United States struggles to resurrect and modernize its deteriorating merchant marine, a country whose population of 3.8 million roughly equals that of metropolitan Philadelphia has developed the world's fourth largest cargo fleet—a highly competitive flotilla of modern, efficient ships.

Norway did it, without government subsidies, in a world cluttered with government-owned or government-supported merchant fleets.

How has such a startling success been attained?

In Oslo, shipowners, labor and government officials and others say there is no secret. It's a private enterprise saga written by seafaring entrepreneurs whose government allows them complete freedom—to run their own ships, build them anywhere, compete for traffic everywhere, raise capital on world financial markets and re-invest for ship replacement at a startling pace.

There is also close cooperation between shipowners and labor leaders for mutual benefits. The dominant Norwegian Seaman's Union has not called for a strike for 50 years.

Perhaps most remarkable of all, Norwegian seafarers form a vibrant private enterprise island in a sea of socialized institutions in their own homeland.

Their expansion contrasts sharply with America's sad experience. Our merchant marine slipped from 38 million tons in 1947 to 16 million in 1971, a third of which is older reserve fleet units. Norway's zoomed in the same period from 3.8 million tons to 21 million.

The U.S. Maritime Administration says active American-owned vessels flying the American flag now add up to 10 million gross tons.

However, it points out that vessels which fly foreign flags but are owned by U.S. parent companies account for another 14 million tons.

The main reasons why so much of America's shipping has been placed under foreign flags are freedom to hire lower-paid foreign crewmen and adjust crew-manning requirements to modern technology—plus some tax breaks.

## A dramatic recovery

Norway's maritime growth record is even better than it appears. More than half of its pre-World War II tonnage and some 3,600 crewmen were lost during the war years. Bucking postwar economic hardship, the shipowners by 1949 had modernized the fleet and brought it back to its 1939 level.

Then, as world trade grew, a striking phenomenon occurred. Norway's private fleet doubled in the 1950s. It almost doubled once more in the 1960s. And now, anticipating further long-range growth in world trade, it looks forward to doubling its size again in the 1970s.



The Norwegian Shipowners' Association points to these facts:

- While Norwegians manage 9 per cent of the world's merchant ships, they account for 13 per cent, or one out of eight, of the orders for new ships being placed with world shipyards. Significantly, Norway's own shipyards get only about one fourth of these orders.
- Most Norwegian ships never see their home ports. Over 90 per cent are engaged in cross-trading between other countries, including the U.S.
- Norwegian-flag vessels haul more of America's foreign trade tonnage than is handled by our own ships—some 17 per cent vs. 6 per cent. Almost a third of Norway's fleet is engaged in U.S. shipping, with 30 ships calling each week at the ports of New York, Philadelphia and Baltimore alone.
- Norway's fleet is one of the youngest. Norwegian tax laws grant special depreciation allowances to encourage new ship purchases.
- Shipowners in the past decade amassed over \$4 billion in capital investment funds to modernize and expand their fleet—an amount exceeding Norway's entire national government budget last year. To do so, they sold to others some 10.4 million tons of ships, or about as much as their total shipping capacity in 1960.
- Although Norwegian ship tonnage has quadrupled over the past 20 years, the number of Norwegian seamen has remained roughly the same—40,000—with one in four coming from other lands. Showing union acceptance of change, 43 men were required to operate a 10,000-ton American Liberty ship during World War II; today, fewer than 30 Norwegian crewmen run vastly bigger, more automated vessels.

#### An age-old love affair

The last point illustrates the basic reason for the success of Norwegian seafaring.

It was underscored by Tom Wilhelmsen of the Wilhelmsen Lines, whose company operates so many ships it is considered the No. 1 export firm of Norway.

Mr. Wilhelmsen likes to talk of the age-old love affair between Norwe-

gians and the sea and of the common attitudes this has spawned among owners, captains, crewmen and all others associated with Norway's maritime trade.

"I cannot conceive of a situation where our unions would go out on strike," declares Mr. Wilhelmsen. "In effect, we're all in the same boat."

Olaf Karling, president of the Norwegian Seamen's Union, agrees. But he says: "It would be a mistake to think we're simply a rubber stamp for management proposals. We're looking out for the best interests of our workers. But the shipowners are smart enough to realize that good labor relations are in their own best interests as well."

Union acceptance of automation and productivity increases has been abetted by a chronic shortage of Norwegian seamen—in contrast to U.S. shortages of seagoing jobs. To attract men from shore jobs, where wages are almost as good as aboard ship, union-management emphasis has had to be on improving job standards, training and shipboard working conditions.

One new approach is a "management and operations committee" aboard ship in which basic decisions are shared with crewmen. A joint employer-employee fund is also being set up to deal more effectively with seamen's social and psychological problems.

Behind this emphasis on human relations is the view expressed by David Vikøren, director of the Norwegian Shipowners' Association. Norway, he notes, has no special monopoly on marine technology or development of new shipping techniques.

"Others, including the United States," he says, "can do just as well in this area. Indeed, research and development in shipping is so international in character that any lead is of short duration."

"This means that the kind of men who run the ships becomes a decisive factor in competing for traffic."

When asked what American shipowners can learn from Norway's experience, Norse shipowners reply: Get together with their unions and solve their manpower problems.

J. B. Andersen, director of Scan-Austral, a new consortium of Norwegian, Danish and Swedish companies in the general cargo field, says: "World shippers have learned to place their trust in Norwegian shipping because of our dedication to performance."

#### Management and markets

He adds that two other factors are basic in Norway's success saga:

- Personalized management: "Because of our tradition of individual and family-owned shipping, there is personal identification with living up to contracts—with labor unions as well as customers. Shippers also look to Norwegian shipowners to make major decisions much more quickly, often giving us the edge in competing with companies with a committee-type policy-making structure."
- Market orientation: "We don't just offer services on a take-it-or-leave-it basis; we tailor the service specifically for customer requirements. Unlike many others, we have no 'captive cargo' set aside for us by special government cargo preference provisions. We must fight on the open market for every ton of freight we carry. We've thus developed a special alertness to means of improving service and finding and developing new markets."

An example of market pioneering is the highly successful development of Miami-based cruise ship traffic by the Norwegian Caribbean Lines.

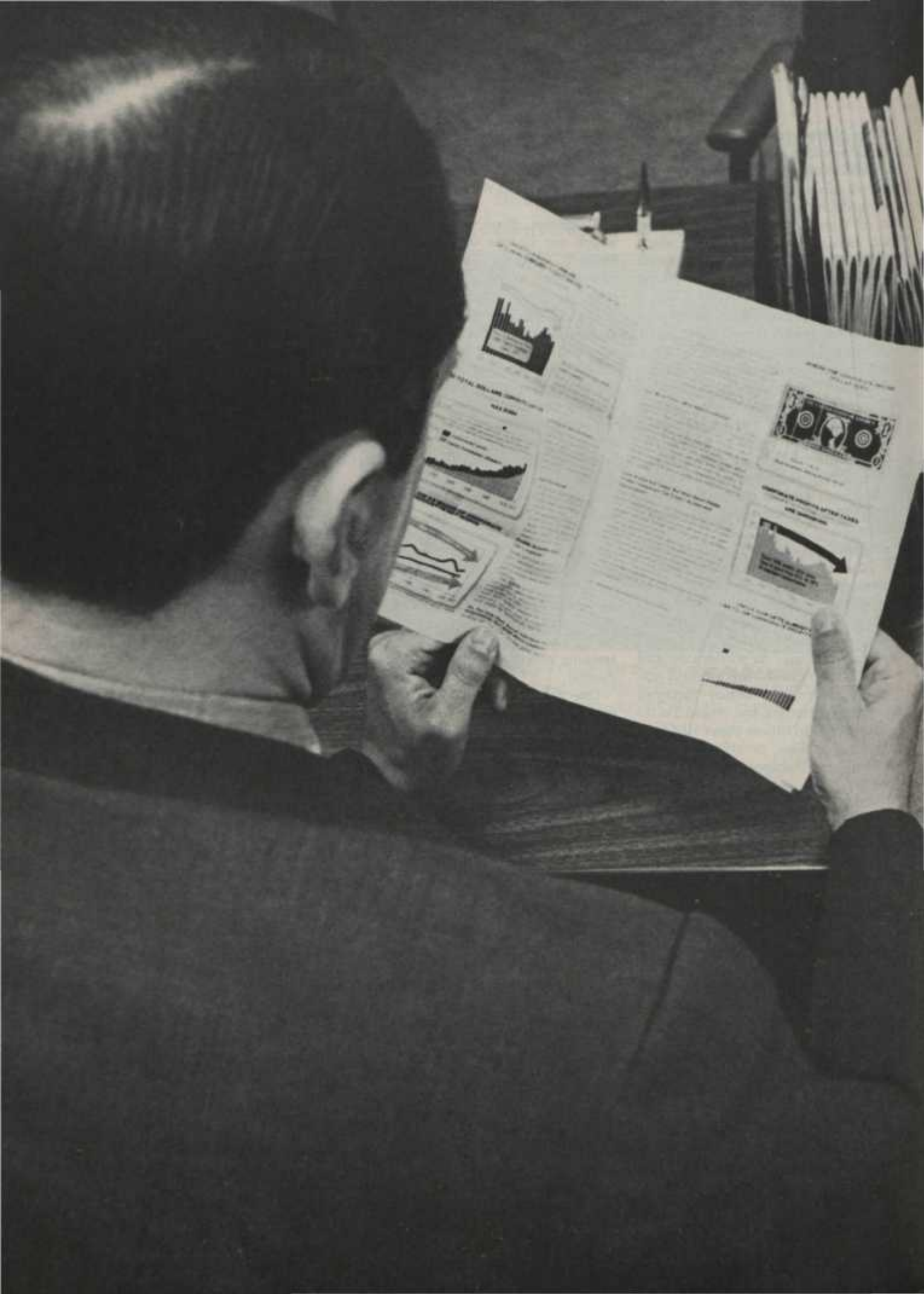
Knut Kloster, of the Lines' parent firm in Oslo, the Lauritz Kloster Co., says a new ship, the *Sunward*, was placed in trial service in the Caribbean five years ago. At the time, the North Atlantic maritime passenger business was rapidly succumbing to airline competition. "Just about everyone," Mr. Kloster says, "had written off ship travel for good."

With sound promotion and labor union cooperation, the *Sunward* proved such a hit that the company currently has four new vessels in service.

Norwegian shipowners intend to keep giving the best service at the least cost, despite the challenges which a changing world and further growth impose on them.

—JAMES N. SITES







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# BUSINESS | A LOOK AHEAD

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Associate Editor

## AGRICULTURE

Tomato farmers, especially those growing their crops for processing, may find that chemical stimulation of ripening agents will take a lot of guesswork and apprehension out of their harvesting operations.

For years ethylene gas has been used to ripen tomatoes, and other fruits such as melons, in gas chambers. Fruit picked while green begins to produce its own ethylene when subjected to the gas, resulting in simultaneous ripening.

Now scientists have developed a way to trigger production of ethylene while the fruit is still on the vine. Plants are sprayed with a chemical compound called ethephon, which starts the natural ripening process.

This past growing season, under an experi-

mental permit from the Environmental Protection Agency, Amchem Products, Inc., Ambler, Pa., marketed the compound under the trade name "Ethrel." Company officials report good results in every state where tomatoes are grown. In addition the compound was authorized for use on cherries, walnuts and apples. Again, good results are claimed, and the firm wants a regular EPA permit.

William L. Sims, a vegetable specialist with the U.S. Agricultural Extension Service at the University of California, says the new field ripening technique will be of great benefit to late harvest areas, where farmers usually expect to lose 25 per cent to 35 per cent of the potential crop. In a California test, the loss was only 20 per cent.

## CONSTRUCTION

Mortgage interest rates will stabilize generally at present levels and savings deposits will continue to flow strongly into savings and loan institutions in 1973.

That's the forecast of outgoing Chairman Preston Martin of the Federal Home Loan Bank Board, who puts mortgage lending by insured savings and loans at more than \$40 billion both this year and in 1973.

Speaking to the National League of Insured Savings Associations in Los Angeles, Mr. Martin reported there were \$38 billion in mortgage loans by insured S&L's in 1971, and esti-

mated the total this year would wind up between \$46 billion and \$48 billion. The figure will be "well over \$40 billion in 1973," he added.

Looking at savings flow into insured S&L's, including interest credited, he forecast a total of \$30.5 billion for 1972, compared to \$27.3 billion in 1971. For 1973 he estimated \$22 billion, noting this figure is still more than double the \$10.8 billion in 1970 and \$10.7 billion in 1963, which were banner years.

Interest rates, he predicted, "should stay relatively stable next year."

## CREDIT AND FINANCE

Virtually every commercial bank in the nation may be affected by findings of a study on tax and loan accounts that the banks maintain for the Treasury Department.

Under the tax and loan account system, banks collect federal revenues and make them available to the Treasury Department quickly and with minimal operating expense. According to the Treasury, the system is achieving its objectives for the government "most satisfactorily," but Treasury Secretary George P. Shultz says his Department is beginning a "restudy of the [accounts'] value to commercial banks."

The system was established more than 50 years ago to smooth out the nation's economy by minimizing the impact of Treasury finan-

cial operations on reserves in the banking system and on the money markets. In the last 30 years the system has been expanded to cover practically all federal revenues.

Participating banks operate the accounts, aid in Treasury financing activities and provide other services such as handling U.S. Savings Bond transactions—all without direct compensation. Indirect compensation comes from the earning value of the balances in the various accounts, which critics of the system call "interest-free money."

The study will consider, among other things, what services banks should be compensated for and the type of compensation they should receive. A similar study in 1967 led to no changes.



## FOREIGN TRADE

Some day soon, stock prospectuses in Common Market countries may seem strangely familiar to American investors.

If the Council of Ministers of the European Communities approves a recent proposal to standardize prospectuses, their format probably will be guided by rules like those of the U.S. Securities and Exchange Commission.

Uniform standards for the contents, distribution and supervision of prospectuses in the member countries would be established. The

goal would be development of an integrated European capital market.

On the opposite side of the world, Japanese investors are already being exposed to the U.S. prospectus format. The Boston Gas Co., a subsidiary of Eastern Gas and Fuel Associates, has included a four-page Japanese language section in its prospectus for a \$10 million debenture issue. Two Japanese securities firms are in the underwriting group.

## MANUFACTURING

An estimated two thirds of the 300 million pairs of women's shoes produced in the U.S. next year will be fabricated from man-made materials, and industry experts see a continuing trend toward using more synthetics, even if leather prices drop.

Jack Monroe, president of The Williams Manufacturing Co., Portsmouth, Ohio, says all his firm's private label output is now made with synthetics and predicts "the industry will move from significantly under 50 per cent synthetics last year to significantly over 50 per cent this coming year for shoes retailing in the \$8 to \$10 range."

Though Du Pont has halted production of

Corfam, the man-made material whose outlook once seemed rosy in the shoe industry, Pandel-Bradford, Inc., of Lowell, Mass., reports a 25 per cent increase this year in sales of vinyl and polyurethane materials used in shoes. A spokesman, who says Corfam costs "four times as much" as these materials, predicts a similar increase next year.

An attraction to U.S. manufacturers bucking stiff foreign competition is the fact that the materials not only come in a wide range of colors, but also lend themselves to mass production. Using injection molding techniques, for example, eliminates 13 steps in the manufacturing process.

## MARKETING

Businessmen can expect a continued upturn in consumer confidence and demand, according to the latest survey of consumer attitudes by the University of Michigan's Institute for Social Research.

In contrast to the pessimism expressed in the past several years, consumers polled showed a "significant upturn in expectations" about business conditions, the Institute reports. It explains: "For the first time since 1969, more respondents anticipate good

times during the next five years than bad times."

Analyzing the results, Social Research Institute economists conclude that, generally, the recent gain in consumer sentiment is "characterized less by increased optimism than by a sharp reduction in pessimism."

They note that mentions of good news were no more frequent in the latest sampling, but that mentions of unfavorable news were less frequent.

## NATURAL RESOURCES

Although it will probably mean more federal government involvement and regulation of natural resources, adoption of some sort of national raw materials policy seems likely.

A recent study by a National Research Council committee points up the growing gravity of the situation: The U.S. is now dependent on foreign sources for 22 of the 74 nonenergy minerals essential for a modern industrial society.

The committee, whose study was done for the National Commission on Materials Policy, recommended government incentives and controls that would encourage use of abundant resources and discourage those in short supply. Materials listed as abundant include iron, aluminum, magnesium and silicates. Short supply materials include manganese, chromium, nickel, platinum, gold, mercury and tin.

## TRANSPORTATION

Water from a cannon, traveling at 7,200 miles per hour, is seen as a promising weapon in the battle to reduce the high cost of tunneling through rock.

Terraspace, Inc., a Rockville, Md., firm, recently received a \$174,148 contract from the Department of Transportation's Federal Railroad Administration to build and test a 10-foot-long water cannon designed to pulverize granite. It will fire pulsed water jets that will produce pressures ranging from 300,000 pounds to one million pounds per square inch. Testing starts next month.

Federal Railroad Administrator John W. Ingram says the new technique "may be more rapid and economical than the drill and blast method or the use of mechanical cutters which are subject to wear and replacement."

The contractor holds exclusive license to a U.S. patent granted to a Soviet Union scientist for a water cannon nozzle. Tests conducted in the U.S.S.R. with a nozzle smaller than the one planned for the American test program showed the cannon created forces sufficient to shatter the hardest rock or penetrate an inch of steel.



## Editorial

# A New Blueprint?

For 40 years, this country has been operating with a blueprint drawn up by President Franklin D. Roosevelt. The basic premise is: Send all problems to Washington. Uncle Sam can solve them with federal money.

We haven't always realized that the only place that federal money can come from is taxpayers all over the country.

As a result of his landslide election, President Nixon has an opportunity to draft a new and different blueprint which could guide our country for the next 40 or more years.

We hope he will.



# Do 100 invoices a day for 25 bucks a week.



Some companies do an awful lot of billing. They've got whole departments full of people. Big fancy machines. Maybe even computers. And they probably need them.

But most companies send out only about forty to a couple of hundred invoices at a crack. They have a calculator, (probably ours). A typewriter. And a billing clerk. And still it costs them more to send out each invoice than it costs the big guys.

So Monroe went to work on a machine that does nothing but bill. And that's what we call it. JUST PLAIN BILL. A desk-top billing department that plugs into the wall.

**The fastest bill in the world.**

JUST PLAIN BILL really churns out the invoices. It's up to twice as fast as the high ticket "baby computers" on

the market. But JUST PLAIN BILL doesn't just save time, it saves errors too.

**All you need is one good finger.**

Your secretary can type. She can bill too. JUST PLAIN BILL looks like and works like a typewriter. An invoice gets computed as it's typed. Eliminated are errors in your favor (which you hear about), errors in your customer's favor (which you don't), delays in billing (which mean delays in getting paid) and other major catastrophies like losing your system when an employee leaves.

**24 more hours for 25 bucks.**

JUST PLAIN BILL can save you money in a lot of ways. First of all it costs less. On a lease around \$25 a week.

About 2/3 less than what the big, fancy billing machines cost. At the same time it will save your bookkeeper/billing clerk up to 24 hours a week. We'll leave it up to you to convert those hours and minutes into dollars and cents.

**How can faster, smaller and better be less expensive?**

We did it by simplifying the billing function as much as possible. We eliminated the computer extras unnecessary for most businesses, and concentrated on the essentials. A fast, accurate invoice. Automatic pricing per hundred/per thousand/per dozen/per anything. Chain discounts, taxes, and day's end sales results.

**Looking costs nothing.**

As we said, JUST PLAIN BILL is simple. One look and you'll agree. In 365 cities we can show you what we mean in half an hour. Or we can send pictures, facts and the results of a study done by a major consumer-testing firm that document our story and your savings. Just call your local man from Monroe.

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